SOURCEBOOK

ICOBS Insurance: Conduct of Business sourcebook

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CHAPTER

ICOBS 1 Application

Section : ICOBS 1.1 The general application rule

The general application rule

ICOBS 1.1.1 R

This sourcebook applies to a *firm* with respect to the following activities carried on in relation to a *non-investment insurance contract* from an establishment maintained by it, or its *appointed representative*, in the *United Kingdom*:

(1) an *insurance distribution activity*;

(2) *effecting* and *carrying out contracts of insurance*;

(3) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*;

(4) *communicating* or *approving* a *financial promotion*;

and activities connected with them.

Modifications to the general application rule

ICOBS 1.1.2 R

The general application *rule* is modified in *ICOBS 1 Annex 1* according to the type of *firm* (Part 1), its activities (Part 2), and its location (Part 3).

ICOBS 1.1.3 R

The general application *rule* is also modified in the chapters of this sourcebook for particular purposes, including those relating to the type of *firm*, its activities or location, and for purposes relating to connected activities.

Section : ICOBS 1 Annex 1 Application (see ICOBS 1.1.2 R)

ICOBS 1 Annex 1

Part 1: Who?
Modifications to the general application rule according to type of firm

1	Third party processors		
1.1	R	(1)	This *rule* applies where a *firm* (or its *appointed representative*) ("A") has outsourced *insurance distribution activities* to a *third party processor*.
		(2)	Any *rule* in this sourcebook which requires the *third party processor*, when acting as such, to disclose its identity to a *customer* must be read as applying to the *third party processor* only to the extent that it applies to A and as requiring disclosure of A's identity.
1.2	G	(1)	The disclosure required of the *third party processor* under *ICOBS 4.3.-7R* can be made without having to disclose the identity of the *third party processor* to the *customer* and therefore without breaching paragraph 1.1R(2) above.
2	Managing agents		
2.1	R	(1)	References to an *insurer*(including within the reference to *insurance distributor*) apply equally to a *managing agent* unless the context requires otherwise.
		(2)	A *managing agent* must give effect to the policy that a *consumer* must, where required by this sourcebook, be offered cancellation rights.
		(3)	References to *managing agents* in this sourcebook relate to their functions in managing the obligations of a *member* in his capacity as such.
3	Authorised professional firms		
3.1	R	This sourcebook (except for ICOBS 4.6) does not apply to an *authorisedprofessional firm* with respect to its *non-mainstream regulated activities* except for:	
		(1)	the provisions on communications to *clients* and *financial promotions* (see *ICOBS 2.2*);
		(2)	the e-commerce provisions (*ICOBS 3.2*);

Part 1: Who?
Modifications to the general application rule according to type of firm

		(3)	general information disclosure requirements in relation to complaints procedures (see *ICOBS 4.1*); and	
		(4)	the *UK* provisions which implemented articles 1(4), 17, 18, 19, 20, 23, and 24 of the *IDD* (see *ICOBS 2.2.2R* (communication to customers and financial promotions), *ICOBS 2.2.2AR* (marketing communications), *ICOBS 2.5.-1R* (the customer's best interests rule), *ICOBS 2.6* (Distribution of connected contracts through exempt persons), *ICOBS 4.1* (Information about the firm, its services and remuneration), *ICOBS 4.1A* (Means of communicating to customers), *ICOBS 4.3* (remuneration disclosure), *ICOBS 5.2* (Demands and needs), *ICOBS 5.3.3R* (Advice on the basis of a fair analysis), *ICOBS 5.3.4R* (Personalised explanation), *ICOBS 6A.1.4R* (Ensuring the customer can make an informed decision) and *ICOBS 6A.3* (Cross-selling)), except to the extent that the *firm* is subject to equivalent rules of its *designated professional body* approved by the *FCA*.	
3.2	G	Compliance with the *UK* provisions which implemented the *Distance Marketing Directive* is dealt with in the Professional Firms sourcebook (see *PROF 5.4*).		
4	Appointed representatives			
4.1	R	(1)	An *insurer* must ensure that its *appointed representative* complies with this sourcebook as it applies to an *insurance intermediary*.	
		(2)	However, if the *appointed representative* is acting as the *insurer'sthird party processor* then:	
			(a)	this *rule* is subject to the *third party processorsrule* (see paragraph 1.1R); and
			(b)	the *insurer* is not required to ensure that the *appointed representative* complies with the *rules* in this sourcebook on

Part 1: Who?
Modifications to the general application rule according to type of firm

				commission disclosure (see *ICOBS 4.4*).	
4.2	G	The cancellation requirements in chapter 7 do not apply to a *distance contract* entered into by an *appointed representative* to provide distribution services. Regulations 9 (Right to cancel) to 13 (Payment for services provided before cancellation) of the *Distance Marketing Regulations* apply instead.			
5	Service companies				
5.1	R	This sourcebook does not apply to a *service company*, except for the provisions on communications to *clients* and *financial promotions* (see *ICOBS 2.2*).			
6	Lloyd's				
		This sourcebook does not apply to the *Society*.			
7	Gibraltar-based firms and TP firms				
7.1	R	(1)	In addition to the general application rule in *ICOBS 1.1.1R*, the provisions in (2) also apply to:		
			(a)	*TP firms* and *Gibraltar-based firms* which carry on business from an establishment in the *United Kingdom*; or	
			(b)	(i)	*TP firms* and *Gibraltar-based firms* that provide services from an establishment outside the *United Kingdom*; or
				(ii)	*firms* operating from an establishment overseas; and
				with a *customer* in the *United Kingdom*.	
		(2)	The provisions specified for the purposes of (1) are:		

Part 1: Who?
Modifications to the general application rule according to type of firm

			(a)	*ICOBS 6.1.7-AG* , *ICOBS 6.5.1AG* and *ICOBS 6A.4* (Travel insurance and medical conditions) (except for *TP firms* or *Gibraltar-based firms* in (1)(b)(i) where the state of the risk is an *EEA State* or Gibraltar, and to the extent that the *EEA State* in question or Gibraltar imposes measures of like effect); and
			(b)	*ICOBS 6A.5* (Retail premium finance: disclosure and remuneration).
			(c)	*ICOBS 6.2.6R*, *ICOBS 6.5.1R(3)(d)* and *ICOBS 6A.6* (Cancellation of automatic renewal);
			(d)	*ICOBS 6B* (Home and motor insurance pricing); and
			(e)	*ICOBS 6A.7* (Disclosure requirements for multi-occupancy buildings insurance).

Part 2: What?		
Modifications to the general application rule according to type of firm		
1	Reinsurance	
1.1	R	This sourcebook does not apply to activities carried on in relation to a *reinsurance contract*.
		[**Note:** recital 51 to the *IDD*]
2	Distribution to larger commercial customers and of specialist risks contracts	
2.1	R	Subject to Part 3 of this Annex:

		(1)		the application of this sourcebook to a *firm* distributing *general insurance contracts* to *larger commercial customers* or *specialist risks contracts* is as follows:
			(a)	*ICOBS* does not apply where the risk is located outside the *United Kingdom*, irrespective of whether the *customer* is a *consumer*, *commercial customer* or *larger commercial customer*;
			(b)	the *IPID* requirements in *ICOBS 6.1.10AR*, *ICOBS 6 Annex 3R* and *ICOBS 6.2.3R* (*Solvency II Directive* derived information requirements) do not apply, irrespective of the risk location or whether the *customer* is a *consumer*, *commercial customer* or *larger commercial customer*; or
			(c)	where the risk is located in the *United Kingdom* the way that *ICOBS* applies is shown in the table below, based on the type of *customer* and contract:

Type of customer	Specialist risks contracts	General insurance contracts (excluding specialist risks contracts) distributed to larger commercial customers
Consumer	*ICOBS* applies, other than the *rules* in *ICOBS 1 Annex 1 2.1R(1)(b)*	N/A
Commercial customer	Only *ICOBS 2* (General matters), *ICOBS 6A.3* (Cross-selling) and *ICOBS 6A.7* (Disclosure requirements for multi-occupancy buildings insurance) apply	N/A
Larger commercial customer	Only *ICOBS 2* (General matters), *ICOBS 6A.3* (Cross-selling) and *ICOBS 6A.7* (Disclosure requirements for multi-occupancy buildings insurance) apply	Only *ICOBS 2* (General matters), *ICOBS 6A.3* (Cross-selling) and *ICOBS 6A.7* (Disclosure requirements for multi-occupancy buildings insurance) apply

		(2)	[deleted]
		(	[deleted]

		3)	
2.2	G	*Firms* are reminded of their obligations under *Principle* 12 and *PRIN 2A* (the Consumer Duty) or *Principle* 7 (as applicable) which are not affected by the modifications in *ICOBS 1 Annex 1 2.1R(1)(b)* above. In the *FCA's* view, in order to comply with those obligations, a *firm* should provide evidence of cover promptly after inception of a *policy* to its *customer*. In respect of a *group policy*, a *firm* should provide information to its *customer* to pass on to other *policyholders* and should tell the *customer* the information should be givento each *policyholder*.	
2.3	R	[deleted]	
3	Pure protection contracts: election to apply COBS rules		
3.1	R	(1)	This sourcebook (except for *ICOBS 4.6*) does not apply in relation to a *pure protection contract* to the extent that a *firm* has elected to comply with the Conduct of Business sourcebook (*COBS*) in respect of such business.
		(2)	Within the scope of such an election, a *firm* must:
			(a) comply with the rest of the Handbook (except for *COBS 6.1A*, *COBS 6.1B* and *COBS 6.1.9 R*) treating the *pure protection contract* as a life policy and a *designated investment*, and not as a *non-investment insurance contract*; and
			(b) if applicable, also comply with *ICOBS 4.6*.
		(3)	A *firm* must make, and retain indefinitely, a record in a *durable medium* of such an election (and any reversal or amendment). The record must include the effective date and a precise description of the part of the *firm's* business to which the election applies.
3.2	G	(1)	The effect of *COBS 9B.2.5R* is that a *firm* is required to comply with the *rules* in *COBS* which would apply to it if it were *advising on investments* where that *firm*:

			(a)	has made the election to comply with *COBS* in *ICOBS 1 Annex 1 Part 2 3.1R(1)*; and
			(b)	*provides targeted support* in relation to a *pure protection contract*.
		(2)	This is because *non-investment insurance contracts* are beyond the scope of the *rules* which apply to providing *targeted support services* (see *COBS 9B.2.1R*).	
4	Chains of insurance intermediaries			
4.1	R	Where there is a chain of *insurance intermediaries* between the *insurer* and the *customer*, this sourcebook, except *ICOBS 2*, applies to any *insurance intermediary* in contact with the *customer*.		
4.2	G	*ICOBS 2* applies to all *insurance intermediaries*, including those within a chain who are not in contact with the *customer*.		
5	Travel insurance contracts			
5.1	R	[deleted]		
			[deleted]	
5.2	G	[deleted]		
6	Providing targeted support			
6.1	R	A *firm providing targeted support* in relation to a *non-investment insurance contract* must comply with the *rules* which would apply to it if it were *advising* on a *non-investment insurance contract*.		
6.2	G	(1)	The provision of *targeted support services* is subject to specific requirements in *COBS 9B*. *Non-investment insurance contracts* are beyond the scope of those *rules*.	
		(2)	A *firm* that *provides targeted support* in relation to a type of *specified investment* which is beyond the scope of application of the *rules* in *COBS 9B* is subject to the *rules* which would apply to that *firm* if it were *advising on investments*.	

Part 3: Where?
Modifications to the general rule of application according to location

1	EEA territorial scope rule: compatibility with European law [deleted]		
2	Exemption for insurers: business with non-UK customers via non-UK intermediaries		
2.1	R	This sourcebook does not apply to an *insurer* if:	
		(1)	the intermediary (whether or not an *insurance intermediary*) in contact with the *customer* is not established in the *United Kingdom*; and
		(2)	the *customer* is not *habitually resident* in, and, if applicable, the *State of the risk* is outside the *United Kingdom*.
3	Exemption for insurers: business with non-UK EEA customers [deleted]		
4	Firms providing services into Switzerland under Annex 4 of the BFSA		
4.1	R	(1)	*ICOBS 4.7* applies only in accordance with *ICOBS 4.7.1R*.
	G	(2)	*ICOBS 4.7.1R* provides that *ICOBS 4.7* applies to *firms* providing insurance services into Switzerland under Annex 4 of the *BFSA*. That includes those *firms* to which this sourcebook may otherwise not apply because of their reliance on an exemption or

Part 3: Where?
Modifications to the general rule of application according to location

			exclusion (for example article 72D of the *Regulated Activities Order*).
Part 4: Guidance [deleted]			

CHAPTER

ICOBS 2 General matters

Section : ICOBS 2.1 Client categorisation

Introduction

ICOBS 2.1.1 G

Different provisions in this sourcebook may apply depending on the type of *person* with whom a *firm* is dealing. The type of *person* a *firm* generally deals with for the purposes of *ICOBS* is a *customer* who will either be a *consumer* or a *commercial customer*, and sometimes a *larger commercial customer*. *ICOBS* in places also refers to firms dealing with *policyholders*. This guidance explains the combined effect of those defined terms and some of the application provisions in *ICOBS 1*.

(1) [deleted]

(2) [deleted]

(2A) The meaning of *customer* will depend on the part of *ICOBS* it is used in and the type of *insurer* involved. A reference to the defined term '*customer*' in:

1. (a)(i) *ICOBS 2* means a *policyholder* or prospective *policyholder*; and
2. (ii) *ICOBS 2.5.-1R* also includes a *policy stakeholder*; and

(b) the rest of *ICOBS* (that is, other than *ICOBS 2*) means a *policyholder* or a prospective *policyholder* who makes the arrangements preparatory to them concluding a *contract of insurance* (directly or through an agent).

(2B) In *ICOBS* the meaning of *policyholder* depends on whether the *insurer* of the *contract of insurance* in question is a *Solvency II firm* or not. (See the *Glossary* definition of the term *policyholder*.)

(3) A *consumer* is any natural person who is acting for purposes which are outside their trade, business or profession.

(4) A *commercial customer* is a *customer* who is not a *consumer*.

(5) A *larger commercial customer* is a *commercial customer* that meets certain size thresholds. For the purposes of the application provisions in *ICOBS 1 Annex 1 Part 2 paragraph 2* (and this guidance), those size thresholds only need to be applied to the *policyholder* involved in making the arrangements preparatory to them concluding the *contract of insurance*.

(6) Where *ICOBS 2* refers to a '*customer*' then *firms* will need to comply with those provisions in relation to all of the *policyholders* (and, where relevant, *policy stakeholders*) of the *contract of insurance* in question, irrespective of whether the *policyholder* making the arrangements preparatory to them concluding the contract is a *consumer*, *commercial customer* or a *larger commercial customer*. (Note that *ICOBS 2.7.3G* is expressly dis-applied in relation to *larger commercial customers*.)

Customer to be treated as consumer when status uncertain

ICOBS 2.1.2 R

If it is not clear in a particular case whether a *customer* is a *consumer* or a *commercial customer*, a *firm* must treat the *customer* as a *consumer*.

Customer covered in both a private and business capacity

ICOBS 2.1.3 G

(1) Except where paragraph (2) applies, if a *customer* is acting in the capacity of both a *consumer* and a *commercial customer* in relation to a particular *contract of insurance*, the *customer* is a *commercial customer*.

(2) For the purposes of *ICOBS 5.1.4 G* and *ICOBS 8.1.2 R*, if, in relation to a particular *contract of insurance*, the *customer* entered into it mainly for purposes unrelated to his trade or profession, the *customer* is a *consumer*.

Customer classification examples

ICOBS 2.1.4 G

In practice, private individuals may act in a number of capacities. The following table sets out a number of examples of how an individual acting in certain capacities should, in the *FCA's* view, be categorised.

Customer classification examples

Capacity	Classification
Personal representatives, including executors, unless they are acting in a professional capacity, for example, a solicitor acting as executor.	*Consumer*
Private individuals acting in personal or other family circumstances, for example, as trustee of a family trust.	*Consumer*
Trustee of a trust such as a housing or NHS trust.	*Commercial customer*
Member of the governing body of a club or other unincorporated association such as a trade body and a student union.	*Commercial customer*
Pension trustee.	*Commercial customer*
Person taking out a *policy* covering property bought under a buy-to-let mortgage.	*Commercial customer*
Partner in a *partnership* when taking out insurance for purposes related to his profession.	*Commercial customer*

Section : ICOBS 2.2 Communications to clients and financial promotions

Application

ICOBS 2.2.1 R

In addition to the general application *rule* for this sourcebook, this section applies to the *communication*, or *approval* for *communication*, to a *person* in the *United Kingdom* of a *financial promotion* of a *non-investment insurance contract* unless it can lawfully be *communicated* by an unauthorised communicator without *approval*.

Clear, fair and not misleading rule

ICOBS 2.2.2 R

When a *firm* communicates information, including a *financial promotion*, to a *customer* it must ensure that is clear, fair and not misleading.
[**Note**: article 17(2) of the *IDD*]

Marketing communications

ICOBS 2.2.2A R

A *firm* must ensure that, in relation to *insurance distribution*, marketing communications are always clearly identifiable as such.
[**Note**: article 17(2) of the *IDD*]

Approving financial promotions

ICOBS 2.2.3 R

(1) Before a *firm approves* a *financial promotion* it must take reasonable steps to ensure that the *financial promotion* is clear, fair and not misleading.

(2) If, subsequently, a *firm* becomes aware that a *financial promotion* is not clear, fair and not misleading, it must withdraw its *approval* and notify any *person* that it knows to be relying on its approval as soon as reasonably practicable.

ICOBS 2.2.3A G

(1) The effect of section 55NA of the *Act* is that a *firm* is unable to *approve* a *financial promotion* unless:

(a) the *firm* is a *permitted approver* in relation to the *financial promotion*; or

(b) an *approver permission exemption* applies.

(2) *SUP 6A* contains *guidance* on applying for *approver permission*.

Pricing claims: guidance on the clear, fair and not misleading rule

ICOBS 2.2.4 G

(1) This *guidance* applies in relation to a *financial promotion* that makes pricing claims, including *financial promotions* that indicate or imply that a *firm* can reduce the *premium*, provide the cheapest *premium* or reduce a *customer's* costs.

(2) Such a *financial promotion* should:

(a) be consistent with the result reasonably expected to be achieved by the majority of *customers* who respond, unless the proportion of those *customers* who are likely to achieve the pricing claims is stated prominently;

(b) state prominently the basis for any claimed benefits and any significant limitations; and

(c) comply with other relevant legislative requirements, including the *DMCCA* and the Business Protection from Misleading Marketing Regulations 2008.

Sustainability-related claims: guidance on the clear, fair and not misleading rule

ICOBS 2.2.4A G A *firm* is reminded of its obligations under *ESG 4.3.1R* in relation to a communication, or when it *communicates* or *approves* a *financial promotion*, that references the *sustainability characteristics* of a product or service.

The reasonable steps defence

ICOBS 2.2.5 R If, in relation to a particular communication or *financial promotion*, a *firm* takes reasonable steps to ensure it is fair, clear and not misleading then:

(1) the *firm* will not contravene *ICOBS 2.2.2R* where:

(a) the recipient is a *customer* that does not make the arrangements preparatory to the conclusion of the *contract of insurance*; or

(b) the communication is made in relation to activities other than *insurance distribution*; and

(2) a contravention of the clear, fair and not misleading *rule* (*ICOBS 2.2.2R*) does not give rise to a right of action under *section 138D* of the *Act*.

Section : ICOBS 2.3 Inducements

ICOBS 2.3.1 G

(1)

Principle 8 requires a *firm* to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*. A *firm* that offers such inducements should consider whether doing so conflicts with its obligations under:

1. (a) *Principles* 1 (to act with integrity), 6 (to treat customers fairly) and 12 (to act to deliver good outcomes for *retail customers*); and
2. (b) the *customer's best interests rule*.

(2)

An inducement is a benefit offered to a *firm*, or any *person* acting on its behalf, with a view to that *firm*, or that *person*, adopting a particular course of action. This can include, but is not limited to, cash, cash equivalents, *commission*, goods, hospitality or training programmes.

Section : ICOBS 2.4 Record-keeping

ICOBS 2.4.1 G

(1) The Senior Management Arrangements, Systems and Controls sourcebook (*SYSC*) contains high-level record-keeping requirements (see *SYSC 3.2.20 R*, *SYSC 9.1.1 R* and *SYSC 9.1.1 AR*).

(2) This sourcebook does not generally have detailed record-keeping requirements: *firms* will need to decide what records they need to keep in line with the high-level record-keeping requirements and their own business needs.

(3) *Firms* should bear in mind the need to deal with requests for information from the *FCA* as well as queries and complaints from *customers* which may require evidence of matters such as:

(a) the reasons for *personal recommendations*;

(b) what documentation has been provided to a *customer*; and

(c) how claims have been settled and why.

Section : ICOBS 2.5 Acting honestly, fairly and professionally, exclusion of liability, conditions and warranties

The customer's best interests rule

ICOBS 2.5.-1 R

A *firm* must act honestly, fairly and professionally in accordance with the best interests of its *customer*.

[**Note**: article 17(1) of the *IDD*]

Exclusion of liability and conditions

ICOBS 2.5.1 R

(1) A *firm* must not seek to exclude or restrict, or rely on any exclusion or restriction of, any duty or liability it may have to a *customer* or other *policyholder* unless it is reasonable for it to do so and the duty or liability arises other than under the *regulatory system*.

(2) A *Solvency II firm* must ensure that general and special policy conditions do not include any conditions intended to meet, in an individual case, the particular circumstances of the risk to be covered.[**Note:** article 187 of the *Solvency II Directive*]

ICOBS 2.5.2 G

The general law, including the *Unfair Terms Regulations* (for contracts entered into before 1 October 2015) and the *CRA*, also limits the scope for a *firm* to exclude or restrict any duty or liability to a *consumer*.

Conditions and warranties in policies

ICOBS 2.5.2A R

An *insurer* must ensure that any condition or warranty included in a *policy* with a *consumer*:

(1) has operative effect only in relation to the types of crystallised risk covered by the *policy* that are connected to that condition or warranty; and

(2) (for a warranty in a *pure protection contract*) is material to the risks to which it relates and is drawn to the *customer's* attention before the conclusion of the contract.

ICOBS 2.5.2B R

ICOBS 2.5.2AR(2) does not apply to a 'life of another' contract where the warranty relates to a statement of fact concerning the life to be assured.

ICOBS 2.5.2C G

An *insurer* may choose to draft its conditions and warranties so that they clearly state the particular types of crystallised risks covered by the *policy* to which they are connected, for the purposes of *ICOBS 2.5.2AR(1)*. Alternatively the *insurer* may in practice have systems and controls which operate the conditions and warranties in a way that has the same effect.

Reliance on others

ICOBS 2.5.3 G

(1) Where it is compatible with the nature of the obligation imposed by a particular *rule*, including the *customer's best interests rule*, and with the *Principles*, in particular *Principles* 1 (Integrity), 2 (Skill, care and diligence) and 3 (Management and control), *firms* may rely on third parties in order to comply with the *rules* in this sourcebook.

(2) For example, where a *rule* requires a *firm* to take reasonable steps to achieve an outcome, it will generally be reasonable for a *firm* to rely on information provided to it in writing by an unconnected *authorised person* or a *professional firm*, unless it is aware or ought reasonably to be aware of any fact that would give reasonable grounds to question the accuracy of that information. However, a *firm* cannot delegate its responsibility under the *regulatory system*. For example, where a *rule* imposes an absolute obligation (such as the requirement for an *insurer* to handle claims promptly and fairly) although a *firm* could use outsourcing arrangements to fulfil its obligation, it retains regulatory responsibility for achieving the outcome required.

Other requirements

ICOBS 2.5.4 G

Firms are reminded of their obligations in *SYSC 19F.2* to ensure remuneration arrangements do not conflict with their duty to act in the *customer's best interests*.

ICOBS 2.5.5 G

Firms are reminded that for *non-investment insurance contracts*, their obligations under the *customer's best interests rule* (and in *SYSC 19F.2* and *PROD 4*) will include consideration of the interests of any *policy stakeholder* of which the *firm* should be aware (which, in relation to a *multi-occupancy building insurance contract*, will include any *leaseholder*).

Customer's best interests rule and third-party incentives

ICOBS 2.5.6 G

(1) A *firm* that offers incentives to third parties in connection with a *non-investment insurance contract* should consider whether doing so conflicts with its obligations under the *customer's best interests rule*, including whether this is consistent with the interests of *policyholders* and any *policy stakeholder* in relation to a *multi-occupancy building insurance contract*.

(2) A 'third party incentive' is a benefit offered to any third party, with a view to that *firm*, or that *person*, adopting a particular course of action (for a *customer*, this includes taking out a particular *contract of insurance*), or which could be perceived as having that effect. This can include, but is not limited to, cash, cash equivalents, *commission*, goods, hospitality or training programmes.

Section : ICOBS 2.6 Distribution of connected contracts through exempt persons

ICOBS 2.6.1 R

(1) Where an *insurance distributor* is distributing through a *person* relying on the connected contracts exemption in *article 72B* of the *Regulated Activities Order*, the *insurance distributor* must ensure that the requirements in (2) are met.

(2) The requirements referred to in (1) are:

(a) *SYSC 19F.2* (Remuneration and insurance distribution activities);

(b) *ICOBS 2.2.2R* and *ICOBS 2.2.2AR* (Clear, fair and not misleading rule and marketing communications);

(c) *ICOBS 2.5.-1R* (Customer's best interests);

(d) *ICOBS 4.1.2R(1)*(a) and (c) (Status disclosure: general information provided by insurance intermediaries or insurers);

(e) *ICOBS 5.2* (Demands and needs);

(f) *ICOBS 6.1.5R(4)* (Ensuring customers can make an informed decision: the appropriate information rule);

(g) *ICOBS 6.1.10AR* (How must IPID information be provided?) (see also *ICOBS 6.1.10BG*); and

(h) *ICOBS 6A.3* (Cross-selling).

[**Note**: article 1(4) of the *IDD*]

ICOBS 2.6.2 G

To comply with the relevant chapter of *SYSC* or *Principle* 3, an *insurance distributor* will need to have appropriate arrangements in place to ensure compliance with *ICOBS 2.6.1R*.

Section : ICOBS 2.7 Customers in financial difficulty

Purpose

ICOBS 2.7.1 G The purpose of the *guidance* in this section is to give the *FCA's* view on the outcomes *firms* should aim to achieve and actions they should take to deliver good outcomes for *customers* experiencing financial difficulties.

ICOBS 2.7.2 G The *guidance* complements:

(1) *Principle* 12, which requires *firms* to act to deliver good outcomes for *retail customers*;

(2) the obligations in *PRIN 2A*, including in particular the *rules* in *PRIN 2A.2* (cross-cutting obligations), *PRIN 2A.5* relating to communication, interacting on a one-to-one basis and adapting communication, *PRIN 2A.6* (Consumer Duty: retail customer outcome on consumer support) and expected standards in *PRIN 2A.7*; and

(3) the *customer's best interests rule*.

However, it is not, and does not seek to be, a complete exposition of all of a *firm's* responsibilities to *customers* experiencing financial difficulties, nor does it alter, replace or substitute applicable *rules*, *guidance* or law, including those in relation to credit agreements.

ICOBS 2.7.3 G The *guidance* does not set expectations in relation to the distribution of *specialist risks contracts* to *commercial customers* and other *general insurance contracts* to *larger commercial customers* (see *ICOBS 2.1.1G(5)(b)*). However, *firms* distributing these types of contracts to *commercial customers* and *larger commercial customers* continue to be subject to *FCA rules* (including the *Principles*) in relation to that business, and will need to continue to consider what those *rules* may require of those *firms* in their particular circumstances.

Outcomes firms should aim to achieve

ICOBS 2.7.4 G Where a *firm* identifies a *customer* in financial difficulty, the *firm* should:

(1) provide or ensure that the *customer* is provided with good outcomes-focused support that is appropriate given the needs and characteristics of the *customer* to:

(a) reduce the impact of the financial difficulty on the *customer*;

(b) enable the *customer* to maintain an appropriate level of insurance that the *customer* can afford; and

(c) reduce, as far as reasonably possible, the risk of the *customer* losing appropriate insurance cover that is important to the *customer*; and

(2) ensure the *customer* has an appropriate level of information about the option or options available to them in good time and in an understandable format to enable the *customer* to make an informed decision.

ICOBS 2.7.5 G The options available to, and the level of support reasonably expected to be provided by, *firms* to achieve the outcomes in *ICOBS 2.7.4G* will vary, depending on the nature of the *firm's* relationship with the *customer*, the *firm's* role in the distribution chain, the type of and characteristics of the *customer* and the type of product.

ICOBS 2.7.6 G *Firms* are reminded that the level of support needed for *customers* who have characteristics of vulnerability may be different from that for others; *firms* should take particular care to ensure they act to deliver good outcomes for those *customers*.

ICOBS 2.7.7 G In relation to the *Consumer Duty*, *firms* are reminded of their responsibilities as a *firm* in a product's distribution chain, including in *PRIN 2A.1.14G*, *PRIN 2A.1.15G* and *PRIN 3.2.7R*.

ICOBS 2.7.8 G When considering outcomes, *firms* should also consider:

(1) the purpose of the *policy* and the interests of all *policyholders*; and

(2) whether there are any relevant duties or obligations the *customers* may owe to others in connection with the *policy* that should be taken into account. For example, where a property owner may be subject to a duty to leaseholders and others around adequate insurance cover being in place for the property.

Signposting to customers

ICOBS 2.7.9 G *Firms* should take reasonable steps to make *customers* aware of, and help them to understand, the support available to them in the event that they experience financial difficulty, and also to enable those *customers* to easily contact the *firm*. This includes, but is not limited to:

(1) including sufficiently prominent information:

(a) in the *firm's* general communications, including the *firm's* website, software applications, letters, telephone recorded messages and other channels of communication;

(b) in communications to *customers* which could be relevant to potential financial difficulties experienced by the *customers* – for example, in communications to *customers* about missed payments;

(2) making it easier for *customers* to contact them when they need help by considering the different communication needs of *customers* (for example, those needing to communicate through channels other than electronic means, such as websites, webchats and email).

ICOBS 2.7.10 G Where the *firm* has reason to believe that the *customer* is, or is likely to be, experiencing financial difficulty, the *firm* should take reasonable steps to make the *customer* aware of, and help them to understand, the support available (whether or not a *customer* has contacted the *firm* in relation to their financial difficulty).

Identifying customers experiencing financial difficulty

ICOBS 2.7.11 G There are a number of circumstances in which *firms* may have reason to believe that a

customer is, or is likely to be, experiencing financial difficulty. In particular, *firms* should include consideration of circumstances where:

(1) *customers* contact the *firm*:

(a) wanting to reduce their insurance cover (whether having paid in full or on a monthly basis); and/or

(b) asking about their insurance cover in a manner that indicates they may have financial difficulties, or about *premium* payments, including where they have difficulty paying the *premium*;

(2) *customers* have missed payments, even where they have not contacted the *firm* about possible financial difficulties. A *firm* should not cancel a *customer's policy* solely because of missed payments without first considering options to support the *customer*;

(3) there are other indications (whether the *customer* has contacted the *firm* directly or not) that the *customer* is, or is likely to be, experiencing financial difficulty (for example, where the customer has requested cancellation of insurance cover that is important to the *customer*).

Options firms should consider

ICOBS 2.7.12 G

Options which *firms* should consider to ensure they meet the relevant obligations under the *rules*, including to act to deliver good outcomes (which may be used in combination with each other), include but are not limited to:

(1) whether there are other products that provide an appropriate level of insurance cover for the *customer* at a price the *customer* can afford and revise the existing cover accordingly;

(2) adjusting cover to take account of the change in the *customer's* financial circumstances. This could be done on a short-term basis (affecting a period within the *policy* cover period) or for the longer term (affecting the entirety of the remainder of the *policy* cover period);

(3) working with *customers* to help them avoid the need to cancel cover that is important to them;

(4) re-assessing the risk profile of the *customer*. It might be that some *customers*' risk profiles have changed since purchasing the *policy* and *customers* could potentially be offered lower *premiums*; and

(5) considering whether it is appropriate to require the *customer* to pay all contractual fees or charges in circumstances where the *firm* not relying on these contractual provisions would be needed to provide fair treatment in the *customer's* best interests.

(6) considering whether in the particular circumstances (see *ICOBS 2.7.5G*) it would be appropriate to refer the *customer* to another *firm* in the distribution chain who is in a better position to support the *customer*.

ICOBS 2.7.13 G

For shorter-term adjustments, *firms* should take reasonable steps to ensure that they re-assess the *customer's* situation when that short-term period comes to an end to ensure the

customer continues to have an appropriate level of insurance. For example, by introducing an expiry date for any changes to a *policy* and reviewing the situation on expiry, or by inviting *customers* to contact the *firm* when their financial circumstances have improved sufficiently.

ICOBS 2.7.14 G

Depending on the circumstances, options could range from consideration of a single *policy* to a more holistic approach considering all the *policies* a *customer* has with the *firm*. *Firms* should consider if it is appropriate to take steps for all *policies* that the *customer* holds with the *firm*.

ICOBS 2.7.15 G

When setting out the options available to a *customer*, *firms* should include an appropriate level of information about each option, including:

(1) where the option includes possible changes to insurance cover or to a different *policy*, what the possible changes are, the effect of the changes on the *customer*, the period of time the changes might apply for, the main exclusions where claims would no longer be able to be made, and the change in the costs to the *customer* or to their payment plan;

(2) the effect on *premiums* paid and still due, and on any interest owed; and

(3) any cancellation or adjustment fees and charges associated with the options.

ICOBS 2.7.16 G

Firms are reminded that other *rules* in *ICOBS* – for example, those relating to specifying the demands and needs of the *customer* (*ICOBS 5.2.1R*), the appropriate information *rule* which applies at all of the different stages of a contract (*ICOBS 6.1.5R*), and renewal (*ICOBS 6.5*) –may also be relevant to the *firm* in relation to the options available to the *customer*.

CHAPTER

ICOBS 3 Distance communications

Section : ICOBS 3.1 Distance marketing

Application

ICOBS 3.1.1 R This section applies to a *firm* that carries on any distance marketing activity from an establishment in the *United Kingdom*, with or for a *consumer* in the *United Kingdom*.

Guidance on the Distance Marketing Directive

ICOBS 3.1.2 G *Guidance* on expressions derived from the *Distance Marketing Directive* and on the Directive's application in the context of *insurance distribution activity* can be found in *ICOBS 3 Annex 1 G*.

The distance marketing disclosure rules

ICOBS 3.1.3 R A *firm* must provide a *consumer* with the distance marketing information (*ICOBS 3 Annex 2 R*) in good time before conclusion of a *distance contract*.
[**Note:** article 3(1) of the *Distance Marketing Directive*]

ICOBS 3.1.4 G The *rules* setting out the responsibilities of *insurers* and *insurance intermediaries* for producing and providing information apply to requirements in this section to provide information (see *ICOBS 6.-1.1R*).

ICOBS 3.1.5 R A *firm* must ensure that the distance marketing information, the commercial purpose of which must be made clear, is provided in a clear and comprehensible manner in any way appropriate to the means of distance communication used, with due regard, in particular, to the principles of good faith in commercial transactions, and the legal principles governing the protection of those who are unable to give their consent, such as minors.
[**Note:** article 3(2) of the *Distance Marketing Directive*]

ICOBS 3.1.6 R When a *firm* makes a voice telephony communication to a *consumer*, it must make its identity and the purpose of its call explicitly clear at the beginning of the conversation.
[**Note:** article 3(3)(a) of the *Distance Marketing Directive*]

ICOBS 3.1.7 R A *firm* must ensure that the information on contractual obligations to be communicated to a *consumer* during the pre-contractual phase is in conformity with the contractual obligations which would result from the law presumed to be applicable to the *distance contract* if that contract is concluded.
[**Note:** article 3(4) of the *Distance Marketing Directive*]

Terms and conditions, and form

ICOBS 3.1.8 R A *firm* must communicate to the *consumer* all the contractual terms and conditions and the information referred to in the distance marketing disclosure *rules* in writing or another *durable medium* available and accessible to the *consumer* in good time before conclusion of any *distance contract*.

[**Note:** article 5(1) of the *Distance Marketing Directive*]

ICOBS 3.1.9 G A *firm* will provide or communicate information or contractual terms and conditions to a *consumer* if another *person* provides or communicates it to the *consumer* on its behalf.

Commencing performance of the distance contract

ICOBS 3.1.10 R The performance of the *distance contract* may only begin after the *consumer* has given his approval.

[**Note:** article 7(1) of the *Distance Marketing Directive*]

Exception: distance contract as a stage in the provision of another service

ICOBS 3.1.11 R This section does not apply to a *distance contract* to act as *insurance intermediary*, if the *distance contract* is concluded merely as a stage in the provision of another service by the *firm* or another *person*.

[**Note:** recital 19 to the *Distance Marketing Directive*]

Exception: successive operations

ICOBS 3.1.12 R In the case of a *distance contract* comprising an initial service agreement, followed by successive operations or a series of separate operations of the same nature performed over time, the *rules* in this section only apply to the initial agreement.

[**Note:** article 1(2) of the *Distance Marketing Directive*]

ICOBS 3.1.13 R If there is no initial service agreement but the successive operations or separate operations of the same nature performed over time are performed between the same contractual parties, the distance marketing disclosure *rules* will only apply:

(1) when the first operation is performed; and

(2) if no operation of the same nature is performed for more than a year, when the next operation is performed (the next operation being deemed to be the first in a new series of operations).

[**Note:** recital 16 and article 1(2) of the *Distance Marketing Directive*]

Exception: voice telephony communications

ICOBS 3.1.14 R (1) In the case of a voice telephony communication, and subject to the explicit consent of the *consumer*, only the abbreviated distance marketing information (*ICOBS 3 Annex 3 R*) needs to be provided during that communication.

(2) However, unless another exemption applies (such as the exemption for means of distance communication not enabling disclosure) a *firm* must still provide the distance marketing information (*ICOBS 3 Annex 2 R*) in writing or another *durable medium* available and accessible to the *consumer* in good time before conclusion of any *distance contract*.

[**Note**: articles 3(3)(b) and 5(1) of the *Distance Marketing Directive*]

Exception: Means of distance communication not enabling disclosure

ICOBS 3.1.15 R

A *firm* may provide the distance marketing information (*ICOBS 3 Annex 2 R*) and the contractual terms and conditions in writing or another *durable medium* immediately after the conclusion of a *distance contract*, if the contract has been concluded at a *consumer's* request using a means of distance communication that does not enable the provision of that information in that form in good time before conclusion of any *distance contract*.

[**Note:** article 5(2) of the *Distance Marketing Directive*]

Consumer's right to request paper copies and change the means of communication

ICOBS 3.1.16 R

At any time during the contractual relationship the *consumer* is entitled, at his request, to receive the contractual terms and conditions on paper. The *consumer* is also entitled to change the means of distance communication used unless this is incompatible with the contract concluded or the nature of the service provided.

[**Note:** article 5(3) of the *Distance Marketing Directive*]

Unsolicited services

ICOBS 3.1.17 R

(1) A *firm* must not enforce, or seek to enforce, any obligations under a *distance contract* against a *consumer*, in the event of an unsolicited supply of services, the absence of reply not constituting consent.

(2) This *rule* does not apply to the tacit *renewal* of a *distance contract*.

[**Note:** article 9 of the *Distance Marketing Directive*]

Mandatory nature of consumer's rights

ICOBS 3.1.18 R

If a *consumer* purports to waive any of the *consumer's* rights created or implied by the *rules* in this section, a *firm* must not accept that waiver, nor seek to rely on or enforce it against the *consumer*.

[**Note:** article 12 of the *Distance Marketing Directive*]

ICOBS 3.1.19 R

If a *firm* proposes to enter into a *distance contract* with a *consumer* that will be governed by the law of a country outside the *United Kingdom*, the *firm* must ensure that the *consumer* will not lose the protection created by the *rules* in this section if the *distance contract* has a close link with the territory of the *United Kingdom*.

[**Note:** articles 12 and 16 of the *Distance Marketing Directive*]

Section : ICOBS 3.2 E-Commerce

Application

ICOBS 3.2.1 R

This section applies to a *firm* carrying on an *electronic commerce activity* from an *establishment* in the *United Kingdom*, with or for a *person* in the the *United Kingdom*.

Information about the firm and its products or services

ICOBS 3.2.2 R

A *firm* must make at least the following information easily, directly and permanently accessible to the recipients of the *information society services* it provides:

(1) its name;

(2) the geographic address at which it is established;

(3) the details of the *firm*, including its e-mail address, which allow it to be contacted and communicated with in a direct and effective manner;

(4) an appropriate statutory status disclosure statement (*GEN 4 Annex 1 R*), together with a statement which explains that it is on the *Financial Services Register* and includes its Firm Reference Number;

(5) if it is a *professional firm*:

(a) the name of the professional body (including any *designated professional body*) or similar institution with which it is registered;

(b) the professional title;

(c) a reference to the applicable professional rules and the means to access them; and

(6) where the *firm* undertakes an activity that is subject to VAT, its VAT number.

[**Note:** article 5(1) of the *E-Commerce Directive*]

ICOBS 3.2.3 R

If a *firm* refers to price, it must do so clearly and unambiguously, indicating whether the price is inclusive of tax and delivery costs.

[**Note:** article 5(2) of the *E-Commerce Directive*]

ICOBS 3.2.4 R

A *firm* must ensure that commercial communications which are part of, or constitute, an *information society service*, comply with the following conditions:

(1) the commercial communication must be clearly identifiable as such;

(2) the *person* on whose behalf the commercial communication is made must be clearly identifiable;

(3) promotional offers must be clearly identifiable as such, and the conditions that must be met to qualify for them must be easily accessible and presented clearly and unambiguously; and

(4) promotional competitions or games must be clearly identifiable as such, and the conditions for participation must be easily accessible and presented clearly and unambiguously.

[**Note:** article 6 of the *E-Commerce Directive*]

ICOBS 3.2.5 R An unsolicited commercial communication sent by e-mail by a *firm* must be identifiable clearly and unambiguously as an unsolicited commercial communication as soon as it is received by the recipient.
[**Note:** article 7(1) of the *E-Commerce Directive*]

Requirements relating to the placing and receipt of orders

ICOBS 3.2.6 R A *firm* must (except when otherwise agreed by parties who are not *consumers*):

(1) give an *ECA recipient* the following information, clearly, comprehensibly and unambiguously, and prior to the order being placed by the recipient of the service:

(a) the different technical steps to follow to conclude the contract;

(b) whether or not the concluded contract will be filed by the *firm* and whether it will be accessible;

(c) the technical means for identifying and correcting input errors prior to the placing of the order; and

(d) the languages offered for the conclusion of the contract;

(2) indicate any relevant codes of conduct to which it subscribes and provide information on how those codes can be consulted electronically;

(3) (when an *ECA recipient* places an order through technological means), acknowledge the receipt of the recipient's order without undue delay and by electronic means (an order and an acknowledgement of receipt are deemed to be received when the parties to whom they are addressed are able to access them); and

(4) make available to an *ECA recipient* appropriate, effective and accessible technical means allowing the recipient to identify and correct input errors prior to the placing of an order.

[**Note:** articles 10(1) and (2) and 11(1) and (2) of the *E-Commerce Directive*]

ICOBS 3.2.7 R Contractual terms and conditions provided by a *firm* to an *ECA recipient* must be made available in a way that allows the recipient to store and reproduce them.
[**Note:** article 10(3) of the *E-Commerce Directive*]

Exception: contract concluded by e-mail

ICOBS 3.2.8 R The requirements relating to the placing and receipt of orders do not apply to contracts concluded exclusively by exchange of e-mail or by equivalent individual communications.
[**Note:** article 10(4) and 11(3) of the *E-Commerce Directive*]

Section : ICOBS 3 Annex 1 Guidance on the UK provisions which implemented the Distance Marketing Directive

ICOBS 3 Annex 1 G

This Annex belongs to *ICOBS 3.1.2 G*

Q1. What is a distance contract?
To be a *distance contract*, a contract must be concluded under an 'organised distance sales or service-provision scheme' run by the contractual provider of the service who, for the purpose of the contract, makes exclusive use (directly or otherwise) of one or more means of distance communication up to and including the time at which the contract is concluded. So: • the *firm* must have put in place facilities designed to enable a *consumer* to deal with it exclusively at a distance; and • there must have been no simultaneous physical presence of the *firm* and the *consumer* throughout the offer, negotiation and conclusion of the contract. So, for example, contracts offered, negotiated and concluded over the internet, through a telemarketing operation or by *post*, will normally be *distance contracts*.
Q2. What about a firm that normally operates face-to-face but occasionally uses distance means?
If a *firm* normally operates face-to-face and has no facilities in place enabling a *consumer* to deal with it customarily by distance means, there will be no *distance contract*. A one-off transaction effected exclusively by distance means to meet a particular contingency or emergency will not be a *distance contract*.
Q3. What is meant by "simultaneous physical presence"?
A *consumer* may visit the *firm's* local office in the course of the offer, negotiation or conclusion of a contract. Wherever, in the literal sense, there has been "simultaneous physical presence" of the *firm* and the *consumer* at the time of such a visit, any ensuing contract will not be a *distance contract*.
Q4. Does the mere fact that an intermediary is involved make the sale of a product or service a distance contract?
No.
Q5. When is a contract concluded?
A contract is concluded when an offer to be bound by it has been accepted. An offer in the course of negotiations (for example, an offer by an *insurer* to consider an application) is not an offer to be bound, but is part of a pre-

contractual negotiation. A *consumer* will provide all the information an *insurer* needs to decide whether to accept a risk and to calculate the *premium*. The *consumer* may do this orally, in writing or by completing a proposal form. The response by an *insurer*, giving a quotation to the *consumer* specifying the *premium* and the terms, is likely to amount to an offer of the terms on which the *insurer* will insure the risk. Agreement by the *consumer* to those terms is likely to be an acceptance which concludes the contract. In other cases where the *insurer* requires a signed proposal form (for example, some *pure protection contracts*), the proposal form may amount to an offer by the *consumer* on which the *insurer* decides whether to insure the risk and in such cases the *insurer's* response is likely to be the acceptance.
Q6. What if the contract has not been concluded but cover has commenced?
Where the parties to a contract agree that insurance cover should commence before all the terms and conditions have been agreed, the *consumer* should be provided with information required to be provided before conclusion of the contract to the extent that agreement has been reached.
Q7. How do the *UK* provisions which implemented the Directive apply to insurance intermediaries' services?
The *FCA* expects the *UK* provisions which implemented the *Distance Marketing Directive* to apply to *insurance intermediaries'* services only in the small minority of cases where: • the *firm* concludes a *distance contract* with a *consumer* covering its *insurance distribution activities* which is additional to any insurance contract which it is marketing; and • that *distance contract* is concluded other than merely as a stage in the *effecting* or *carrying out* of an insurance contract by the *firm* or another *person*: in other words it has some continuity independent of an insurance contract, as opposed, for example, to being concluded as part of marketing an insurance contract.
Q8. Can you give examples of when the *UK* provisions which implemented the Directive would and would not apply to insurance intermediaries' services?
The *rules* which implemented the *Distance Marketing Directive* will not apply in the typical case where an *insurance intermediary* sells an insurance contract to a *consumer* on a one-off basis, even if the *insurance intermediary* is involved in the *renewal* of that contract and handling claims under it. Nor will the *UK* provisions which implemented the Directive apply if an *insurance intermediary*, in its terms of business, makes clear that it does

not, in conducting *insurance distribution activities*, act contractually on behalf of, or for, the *consumer*. An example of when the *UK* provisions which implemented the *Distance Marketing Directive* would apply would be a *distance contract* under which an *insurance intermediary* agrees to provide advice on a *consumer's* insurance needs as and when they arise.
Q9. When would the exception for successive operations apply?
We consider that the *renewal* of a *policy* falls within the scope of this exception. So, the distance marketing disclosure *rules* would only apply in relation to the initial sale of a *policy*, and not to subsequent *renewals* provided that the new *policy* is of the same nature as the initial *policy*. However, unless there is an initial service agreement in place, the exclusion would only apply where the *renewal* takes place no later than one year after the initial *policy* was taken out or one year after its last *renewal*. If the *policy* terms have changed, *firms* will need to consider what information should be disclosed about those changes in accordance with the requirement to disclose appropriate information about a *policy* (see *ICOBS 6.1.5 R*), as well as ensuring their effectiveness under contract law.

Section : ICOBS 3 Annex 2 Distance marketing information

ICOBS 3 Annex 2 R

This Annex belongs to *ICOBS 3.1.3 R*

Distance marketing information

The firm	
(1)	The name and the main business of the *firm*, the geographical address at which it is established and any other geographical address relevant for the *consumer's* relations with the *firm*.
(2)	Where the *firm* has a representative established in the *United Kingdom*, the name of that representative and the geographical address relevant for the *consumer's* relations with the representative.
(3)	When the *consumer's* dealings are with any professional other than the *firm*, the identity of that professional, the capacity in which he is acting with respect to the *consumer*, and the geographical address relevant for the *consumer's* relations with that professional.
(4)	An appropriate statutory status disclosure statement (*GEN 4*), a statement that the firm is on the *Financial Services Register* and its *FCA* registration number.
The financial service	
(5)	A description of the main characteristics of the service the *firm* will provide.
(6)	The total price to be paid by the *consumer* to the *firm* for the financial service, including all related *fees*, charges and expenses, and all taxes paid through the *firm* or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the *consumer* to verify it.
(7)	Where relevant, notice indicating that the financial service is related to instruments involving special risks related to their specific features or the operations to be executed or whose price depends on fluctuations in the financial markets outside the *firm's* control and that past

Distance marketing information

	performance is no indicator of future performance.
(8)	Notice of the possibility that other taxes or costs may exist that are not paid through the *firm* or imposed by it.
(9)	Any limitations on the period for which the information provided is valid, including a clear explanation as to how long a *firm's* offer applies as it stands.
(10)	The arrangements for payment and for performance.
(11)	Details of any specific additional cost for the *consumer* for using a means of distance communication.
The distance contract	
(12)	The existence or absence of a right to cancel under the cancellation *rules* (*ICOBS 7*) and, where there is such a right, its duration and the conditions for exercising it, including information on the amount which the *consumer* may be required to pay (or which may not be returned to the *consumer*) in accordance with those *rules*, as well as the consequences of not exercising the right to cancel.
(13)	The minimum duration of the contract, in the case of services to be performed permanently or recurrently.
(14)	Information on any rights the parties may have to terminate the contract early or unilaterally under its terms, including any penalties imposed by the contract in such cases.
(15)	Practical instructions for exercising any right to cancel, including the address to which any cancellation notice should be sent.
(16)	[deleted]
(17)	Any contractual clause on law applicable to the contract or on the competent court, or both.
(18)	In which language, or languages, the contractual terms and conditions and the other information in this Annex will be supplied, and in which language, or languages, the *firm*,

Distance marketing information

	with the agreement of the *consumer*, undertakes to communicate during the duration of the contract.
Redress	
(19)	How to complain to the *firm*, whether complaints may subsequently be referred to the *Financial Ombudsman Service* and, if so, the methods for having access to it, together with equivalent information about any other applicable named complaints scheme.
(20)	Whether compensation may be available from the *compensation scheme*, or any other named compensation scheme, if the *firm* is unable to meet its liabilities, and information about any other applicable named compensation scheme.

[**Note:** Recitals 21 and 23 to, and article 3(1) of, the *Distance Marketing Directive*]

Section : ICOBS 3 Annex 3 Abbreviated distance marketing information

ICOBS 3 Annex 3 R

This Annex belongs to *ICOBS 3.1.14 R*

Abbreviated distance marketing information

(1)	The identity of the *person* in contact with the *consumer* and his link with the *firm*.
(2)	A description of the main characteristics of the financial service.
(3)	The total price to be paid by the *consumer* to the *firm* for the financial service including all taxes paid through the *firm* or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the *consumer* to verify it.
(4)	Notice of the possibility that other taxes or costs may exist that are not paid through the *firm* or imposed by it.
(5)	The existence or absence of a right to cancel in accordance with the cancellation *rules* (*ICOBS 7*) and, where the right to cancel exists, its duration and the conditions for exercising it, including information on the amount the *consumer* may be required to pay (or which may not be returned to the *consumer*) on the basis of those *rules*.
(6)	That other information is available on request and what the nature of that information is.

[**Note:** article 3(3)(b) of the *Distance Marketing Directive*]

CHAPTER

ICOBS 4 Information about the firm, its services and remuneration

Section : ICOBS 4.1 General requirements for insurance intermediaries and insurers

Application: who?

ICOBS 4.1.1 R

This chapter applies to an *insurance intermediary* and to an *insurer* carrying on *insurance distribution activities*.

Interaction with the customer's best interests rule and the Consumer Duty

ICOBS 4.1.1A G

To comply with the *customer's best interests rule* and the *Consumer Duty*, a *firm* should include consideration of the information needs of the *customer* including:

(1) what a *customer* needs in order to understand the relevance of any information provided by the *firm*; and

(2) at which point in the sales process will the information be most useful to the *customer* to enable them to make an informed decision.

Status disclosure: general information provided by insurance intermediaries or insurers

ICOBS 4.1.2 R

In good time before the conclusion of an initial *contract of insurance* and, if necessary, on its amendment or *renewal* :

(1) a *firm* must provide the *customer* with at least the following information:

(a) its identity, address and whether it is an *insurance intermediary* or an *insurance undertaking*;

(b) whether it provides a *personal recommendation* about the insurance products offered;

(c) the procedures allowing *customers* and other interested parties to register *complaints* about the *firm* with the *firm* and the *Financial Ombudsman Service* or, if the Financial Ombudsman Service does not apply, information about the out-of-court complaint and redress procedures available for the settlement of disputes between the *firm* and its *customers*; and

(2) an *insurance intermediary* must also provide the *customer* with the following information:

(a) the fact that it is included in the *Financial Services Register* (or if it is not on the *Financial Services Register*, the register in which it has been included) and the means for verifying this;

(b) whether it has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *insurance undertaking* (that is not a *pure reinsurer*);

(c) whether a given *insurance undertaking* (that is not a *pure reinsurer*) or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and

(d) whether it is representing the *customer* or is acting for and on behalf of the *insurer*; and

[**Note**: articles 18 and 19(1)(a) and (b) of the *IDD*]

(3) paragraph (2) does not apply in relation to a *connected travel insurance contract*.

Status disclosure exemption: introducers

ICOBS 4.1.3 R

A *firm* whose contact with a *customer* is limited to effecting introductions (see *PERG 5.6*) need only provide its identity, address and whether it is a member of the same *group* as the *firm* to which it makes the introduction.

ICOBS 4.1.4 G

If a *firm* goes further than putting a *customer* in contact with another *person* (for example, by *advising* the *customer* on a particular *policy* available from the *firm*) the full status disclosure requirements will apply.

Scope of service: insurance intermediaries

ICOBS 4.1.6 R

(1) Where an *insurance intermediary* proposes or advises on a *contract of insurance* then in good time before the conclusion of an initial *contract of insurance* (other than a *connected travel insurance contract*) and, if necessary, on its amendment or *renewal* an *insurance intermediary* must provide the *customer* with at least information on whether the *firm*:

(a) gives a *personal recommendation*, on the basis of a fair and personal analysis; or

(b) is under a contractual obligation to conduct *insurance distribution*exclusively with one or more *insurance undertakings*, in which case it must provide the names of those *insurance undertakings*; or

(c)

(i) is not under a contractual obligation to conduct *insurance distribution* exclusively with one or more *insurance undertakings*; and

(ii) does not give a *personal recommendation* on the basis of a fair and personal analysis;

in which case it must provide its *customer* with the name of those *insurance undertakings* with which the *insurance intermediary* may and does conduct business.

(2) [deleted]

[**Note:** article 19(1)(c) of the *IDD*]

ICOBS 4.1.7 R

Where the *firm* has given information in *ICOBS 4.1.6R(1)*(b) and (c), then in good time before the conclusion of an initial *contract of insurance* with a *consumer* a *firm* must also state whether it is giving:

(1) a *personal recommendation* but not on the basis of a fair and personal analysis;

(2) other advice on the basis of a fair analysis of the market;

(3) other advice not on the basis of a fair analysis of the market; or

(4) just information.

ICOBS 4.1.7A G

Firms are reminded that the *rules* on providing *targeted support services* (*COBS 9B*) do not apply in relation to *non-investment insurance contracts*.

Guidance on using panels to advise on the basis of a fair analysis

ICOBS 4.1.8 G

(1) One way a *firm* may give advice on a fair analysis basis is by using 'panels' of *insurance undertakings* which are sufficient to enable the *firm* to give advice on a fair analysis basis and are reviewed regularly.

(2) A *firm* which provides a service based on a fair analysis of the market (or from a sector of the market) should ensure that its analysis of the market and the available contracts is kept adequately up-to-date. For example, a *firm* should update its selection of contracts if aware that a contract has generally become available offering an improved product feature, or a better *premium*, compared with its current selection. The update frequency will depend on the extent to which new contracts are made available on the market. A *firm* is also required to ensure that the analysis is of a sufficiently large number of *contracts of insurance* available on the market (see *ICOBS 5.3.3R*).

(3) The panel selection criteria will be important in determining whether the panel is sufficient to meet the 'fair analysis' criteria. Selection should be based on product features, *premiums* and services offered to *customers*, not solely on the benefit offered to the *firm*.

(4) Where a *firm* also provides *personal recommendations* based on a fair and personal analysis, paragraphs (1) to (3) may also be relevant to that part of the service which involves a fair analysis of the market.

Section : ICOBS 4.1A Means of communication to customers

Application

ICOBS 4.1A.1 R This section applies to all information required to be provided to a *customer* in this chapter and in other chapters or sections where stated.

Means of communication to customers; non-telephone sales

ICOBS 4.1A.2 R (1) A *firm* must communicate information to a *customer* using any of the following:

(a) paper; or

(b) a *durable medium* other than paper; or

(c) a website (where it does not constitute a *durable medium*) where the *website conditions* are satisfied.

(2) The *firm* must communicate the information in (1):

(a) in a clear and accurate manner, comprehensible to the *customer*;

(b) in an official language of the *United Kingdom* where the *State of the risk* is the *United Kingdom*, or in any other language agreed by the parties; and

(c) free of charge.

[**Note**: article 23(1), (2), (4) and (5) of the *IDD*]

ICOBS 4.1A.3 R Where the information is communicated using a *durable medium* other than paper or by means of a website, the *firm* must, upon request and free of charge, also send the *customer* a paper copy.
[**Note**: article 23(3) of the *IDD*]

ICOBS 4.1A.4 R A *firm* must ensure that a *customer's* choice or consent to receive the information by means of a website (whether a *durable medium* or where the *website conditions* are satisfied) is an active and informed choice or consent.

ICOBS 4.1A.5 G (1) For the purposes of *ICOBS 4.1A.4R* for example an option to allow a change to the e-mail address to be used or an option to allow information to be provided by means of a website should be presented in a way that is clear, fair and not misleading.

(2) The following are examples of circumstances not evidencing active or informed choice or consent:

(a) a pre-ticked box (suggesting that option has been selected) which appears in a more prominent place than an un-ticked box allowing another option to be selected; and

(b) the *customer* electing to be informed by a website without being first given other options.

ICOBS 4.1A.6 R On *renewal* of a *policy* a *firm* may rely on a *customer's* previous choice or consent as

appropriate where:

(1) there is evidence that the *customer* has regular access to the internet;

(2) the provision of information in that medium is appropriate in the context in which the business between the *firm* and the *customer* is carried on; and

(3) the *customer* is made aware, for example in the renewal documentation, of the option to receive the information on paper in a way that is clear, fair and not misleading.

Means of communications to customers: telephone sales

ICOBS 4.1A.7 R

In the case of telephone selling:

(1) the information must be given in accordance with the distance marketing disclosure *rules* (see *ICOBS 3.1.14R*); and

(2) if prior to the conclusion of the contract the information is provided:

(a) orally; or

(b) on a *durable medium* other than paper;

the *firm* must also provide the information to the *customer* in accordance with *ICOBS 4.1A.2R* immediately after the conclusion of the *contract of insurance*.

[**Note**: article 23(7) of the *IDD*]

Section : ICOBS 4.2 Additional requirements for protection policies for insurance intermediaries and insurers

Application: what?

ICOBS 4.2.1 R This section applies in relation to a *pure protection contract* or a *payment protection contract* for a *consumer*.

Disclosing the limits of the service provided

ICOBS 4.2.4 R

(1) In a sale that does not involve a *personal recommendation*, a *firm* must take reasonable steps to ensure a *customer* (C) understands that C is responsible for deciding whether a *policy* meets C's demands and needs.

(2) [deleted]

(3) If a *firm* anticipates providing, or provides, information on any main characteristic of a *policy* orally during a non-advised sale, taking reasonable steps includes explaining the *customer's* responsibility orally.

(4) A *policy's* main characteristics include its significant benefits, its significant exclusions and limitations, its duration and price information.

Status disclosure for insurers

ICOBS 4.2.5 R

(1) Prior to the conclusion of an initial contract and, if necessary, on its amendment or *renewal*, an *insurer* must disclose to the *customer* at least:

(a) the statutory status disclosure statement (see *GEN 4*);

(b) whose *policies* it offers; and

(c) whether it is providing a *personal recommendation* or information.

(2) [deleted]

ICOBS 4.2.6 G *Insurers* are reminded that they are not permitted to carry out business which does not directly arise from their insurance business (see the restriction of business in *INSPRU 1.5.13R* and rule 9 of the *PRA Rulebook*: Solvency II firms: Conditions Governing Business).

Section : ICOBS 4.3 Remuneration disclosure

Remuneration disclosure: insurance intermediaries

ICOBS 4.3.-7 R

In good time before the conclusion of the initial *contract of insurance* and, if necessary, on its amendment or *renewal* an *insurance intermediary* must provide the *customer* with information:

(1) on the nature of the *remuneration* received in relation to the *contract of insurance*:

(2) about whether in relation to the contract it works on the basis of:

(a) a *fee*, that is *remuneration* paid directly by the *customer*; or

(b) a *commission* of any kind, that is the *remuneration* included in the *premium*; or

(c) any other type of *remuneration*, including an economic benefit of any kind offered or given in connection with the contract; or

(d) on the basis of a combination of any type of *remuneration* set out above in (a), (b) and (c).

[**Note**: article 19(1)(d) and (e) of the *IDD*]

Remuneration disclosure: insurers

ICOBS 4.3.-6 R

In good time before the conclusion of a *contract of insurance*, an *insurance undertaking* must provide its *customer* with information on the nature of the *remuneration* received by its *employees* in relation to the *contract of insurance*.

[**Note**: article 19(4) of the *IDD*]

Remuneration disclosure: general

ICOBS 4.3.-5 R

The *remuneration* referred to in this section includes *remuneration* that is not guaranteed or which is contingent on meeting certain targets.

ICOBS 4.3.-4 G

The information required to be disclosed by *ICOBS 4.3.-7R* and *ICOBS 4.3.-6R* includes the type of *remuneration* and, taking into account the clear, fair and not misleading *rule* (*ICOBS 2.2.2R*), should also include the source of the *remuneration*.

ICOBS 4.3.-3 G

When considering what information to provide about the *remuneration*, a *firm* should include all *remuneration* which the *insurance intermediary* or the *employee* of an *insurance undertaking* receives, or may receive in relation to the distribution of the *contract of insurance*. This includes *remuneration*:

(1) provided indirectly by the *insurer* or another *firm* within the distribution chain; or

(2) provided by way of a bonus (whether financial or non-financial) paid to the *firm* by the *insurer* or another *firm*, or provided by the *firm* to its *employees*, where this bonus is contingent on the achievement of a target to which the distribution of the particular *contract of insurance* could contribute. For example, this can include cash bonuses paid for achieving a sales target and additional annual leave for achieving a high

customer service score on sales calls, profit share arrangements, overriders or other enhanced commissions.

ICOBS 4.3.-2 R

If any payments, other than ongoing *premiums* and scheduled payments, are made by the *customer* under the *contract of insurance* after its conclusion, a *firm* must make the disclosures under this section, for each such payment.

[**Note**: articles 19(3) and (5) of the *IDD*]

ICOBS 4.3.-1 G

Examples of the type of payments made are those for mid-term adjustments, administration fees and cancellation fees.

Fee disclosure: additional requirements

ICOBS 4.3.1 R

(1) Where a *fee* is payable, the *firm* must inform its customer of the amount of the *fee*.

(2) The information in (1) must be given before the *customer* incurs liability to pay the *fee*, or before conclusion of the *contract of insurance*, whichever is earlier.

(3) To the extent that it is not possible for an amount to be given, a *firm* must give the basis for its calculation.

[**Note**: articles 19(2) and (5) of the *IDD*]

ICOBS 4.3.2 R

The *fee* disclosure requirement extends to all such *fees* that may be charged during the life of a *policy*.

[**Note**: article 19(3) of the *IDD*]

Section : ICOBS 4.4 Commission disclosure for commercial customers

Commission disclosure rule

ICOBS 4.4.1 R

(1) An *insurance intermediary* must, on a *commercial customer's* request, promptly disclose the *commission* that it and any *associate* receives in connection with a *policy*.

(2) Disclosure must be in cash terms (estimated, if necessary) and in writing or another *durable medium*. To the extent this is not possible, the *firm* must give the basis for calculation.

ICOBS 4.4.2 G

An *insurance intermediary* should include all forms of remuneration from any arrangements it may have. This includes arrangements for sharing profits, for payments relating to the volume of sales, and for payments from premium finance companies in connection with arranging finance.

ICOBS 4.4.3 G

(1) The commission disclosure *rule* is additional to the general law on the fiduciary obligations of an agent in that it applies whether or not the *insurance intermediary* is an agent of the *commercial customer*.

(2) In relation to *contracts of insurance*, the essence of these fiduciary obligations is generally a duty to account to the agent's principal. But where a *customer* employs an *insurance intermediary* by way of business and does not remunerate him, and where it is usual for the *firm* to be remunerated by way of *commission* paid by the *insurer* out of premium payable by the *customer*, then there is no duty to account but if the *customer* asks what the *firm's* remuneration is, it must tell him.

Section : ICOBS 4.6 Commission disclosure for pure protection contracts sold with retail investment products

ICOBS 4.6.1 G

The *rules* in this section:

(1) address the risk that a *consumer* believes that a *firm's* remuneration for its *pure protection service* is included in its *adviser charge*, where this is not the case; and

(2) enable the *consumer* to evaluate a *firm's adviser charge* in the light of any additional remuneration received by the *firm* for the *pure protection service* it provides.

ICOBS 4.6.2 R

A *firm* which agrees an *adviser charge* with a *consumer* and provides an associated *pure protection service* to that *consumer* must:

(1) in good time before the provision of its services, take reasonable steps to ensure that the *consumer* understands:

(a) how the *firm* is remunerated for its *pure protection service*; and

(b) if applicable, that the *firm* will receive *commission* in relation to its *pure protection service* in addition to the *firm's adviser charge*;

(2) as close as practicable to the time that it makes the *personal recommendation* or *arranges* the sale of the *pure protection contract*, comply with the following disclosure requirements, substituting *pure protection contract* for references to *packaged product*:

(a) *COBS 6.4.3 R*, or *COBS 6.4.4A R* and *COBS 6.4.4B R*; and

(b) *COBS 6.4.5 R*.

ICOBS 4.6.3 G

A *pure protection service* is unlikely to be associated with an *adviser charge* for the purposes of *ICOBS 4.6.2 R* if the *firm* agreed the *adviser charge* with the *consumer* 12 *months* or more before the provision of the *pure protection service*.

ICOBS 4.6.4 G

A *pure protection service* is not associated with an *adviser charge* for the purposes of *ICOBS 4.6.2 R* if the *adviser charge* is agreed with the *consumer* by a *firm* or an *appointed representative* and the *pure protection service* is provided to that *consumer* by another *firm* or *appointed representative*. However, if a *firm* or an *appointed representative* refers a *consumer* with whom it is agreeing an *adviser charge* to another *firm* or *appointed representative* for the provision of a *pure protection service*, it should consider its obligation to communicate with the *consumer* in a way that is clear, fair and not misleading in the context of the guidance in *ICOBS 4.6.1 G*.

ICOBS 4.6.5 R

If a *firm* expects to provide, or provides, information about its *adviser charge* orally, it must also provide the information required by *ICOBS 4.6.2R (1)(a)* and *ICOBS 4.6.2R (1)(b)* orally.

Section : ICOBS 4.7 Information provided by insurance intermediaries or insurers supplying services into Switzerland under Annex 4 of the BFSA

Application and interpretation

ICOBS 4.7.1 R This section applies to the supply of relevant insurance services into Switzerland to a Swiss insurance client by a UK insurance supplier under access rights derived from Annex 4 of the *BFSA*.

ICOBS 4.7.2 R The other provisions of this sourcebook do not apply to this section except as indicated in *ICOBS 4.7.4R*.

ICOBS 4.7.3 R In this section:

(1) 'relevant insurance services' means the services specified in Annex 4, Section III, paragraph B of the *BFSA*;

(2) 'Swiss insurance client' means the *persons* specified in Annex 4, Section V, paragraph B of the *BFSA*; and

(3) 'UK insurance supplier' means the *persons* specified in Annex 4, Section IV, paragraph B of the *BFSA*.

Pre-contractual disclosures

ICOBS 4.7.4 R (1) Within a reasonable time before the conclusion of an initial *contract of insurance* and, if necessary, within a reasonable time before its amendment or renewal, the UK insurance supplier must:

(a) in the case of a UK insurance supplier that is an *insurer*, provide the Swiss insurance client with the information specified in Annex 4, Section VII, paragraph 1.a. of the *BFSA*; or

(b) in the case of a UK insurance supplier that is an *insurance intermediary*, provide the Swiss insurance client with the information specified in Annex 4, Section VII, paragraph 1.b of the *BFSA*.

(2) The information in paragraph (1) must be:

(a) clearly drafted; and

(b) provided in accordance with *ICOBS 4.1A.2R*.

Ad-hoc disclosures

ICOBS 4.7.5 R (1) Paragraph (2) applies where the Swiss insurance client asks the UK insurance supplier to provide copies of any files held by the UK insurance supplier relating to that Swiss insurance client or any other documents within the scope of the Swiss insurance client and UK insurance supplier's business relationship.

(2) The UK insurance supplier must, within 30 *days*, provide the Swiss insurance client with the documents requested under (1) unless to do so would put the UK insurance supplier in breach of any data protection or confidentiality obligation to which they are subject.

[**Note**: this section implements Annex 4, Section VII, paragraphs 1 to 2 of the *BFSA*.]

CHAPTER

ICOBS 5 Identifying client needs and advising

Section : ICOBS 5.1 General

Eligibility to claim benefits: general insurance contracts and pure protection contracts

ICOBS 5.1.1 G

(1) In line with the *Consumer Duty*, a *firm* should take reasonable steps to ensure that a *customer* only buys a *policy* under which they are eligible to claim benefits.

(2) For the purposes of (1), at any time while *arranging* a *policy* and in good time before its conclusion, a *firm* should:

(a) consider whether a *customer* meets any qualifying requirements to claim the benefits for the different parts of the *policy*, and will continue to meet those requirements throughout the term of the *policy* unless there is a change in circumstances; and

(b) if not, inform the *customer*, including if just in relation to parts of the cover which do not apply,

so the *customer* can take a properly informed decision on whether to buy the *policy*.

(3) Throughout the term of a *policy*, where a *firm* is informed (including by *customers*), or reasonably ought to know, about a change in a *customer's* circumstances which could affect their eligibility to claim benefits, the *firm* should inform the *customer* of the potential impact on eligibility, in good time, so the *customer* can make effective, timely and properly informed decisions.

(4) An example of where a *firm* reasonably ought to know about a change in a *customer's* circumstances throughout the term of the *policy* is where the *firm* was aware of a *customer's* age at the time of the conclusion of the *policy* and therefore reasonably ought to know when the *customer* will reach or has reached an age limit which could affect their eligibility to claim benefits under the *policy*. This could be relevant to the steps a *firm* would be expected to take under *ICOBS 5.1.1G(2)* and *(3)*.

Disclosure

ICOBS 5.1.4 G

A *firm* should bear in mind the restriction on rejecting claims (ICOBS 8.1.1R (3)). Ways of ensuring a *customer* knows what he must disclose include:

(1) explaining to a *commercial customer* the duty to disclose all circumstances material to a *policy*, what needs to be disclosed, and the consequences of any failure to make such a disclosure;

(2) ensuring that the *commercial customer* is asked clear questions about any matter material to the *insurance undertaking*;

(3) explaining to the *customer* the responsibility of *consumers* to take reasonable care not to make a misrepresentation and the possible consequences if a *consumer* is careless in answering the *insurer's* questions, or if a *consumer* recklessly or deliberately makes a misrepresentation; and

(4) asking the *customer* clear and specific questions about the information relevant to

the *policy* being arranged or varied.

Section : ICOBS 5.2 Demands and needs

Application: who? what?

ICOBS 5.2.1 R

This section applies to an *insurance distributor* when carrying on *insurance distribution activities*.

Demands and needs

ICOBS 5.2.2 R

(1) Prior to the conclusion of a *contract of insurance* a *firm* must specify, on the basis of information obtained from the *customer*, the demands and the needs of that *customer*.

(2) The details must be modulated according to the complexity of the *contract of insurance* proposed and the type of *customer*.

(3) A statement of the demands and needs must be communicated to the *customer* prior to the conclusion of a *contract of insurance*.

[**Note**: articles 20(1) and 20(2) of the *IDD*]

ICOBS 5.2.2A G

A *firm* may obtain information from the *customer* in a number of ways including, for example, by asking the *customer* questions in person or by way of a questionnaire prior to any *contract of insurance* being proposed.

ICOBS 5.2.2B R

When proposing a *contract of insurance* a *firm* must ensure it is consistent with the *customer's* insurance demands and needs.
[**Note**: recital 44 to, and article 20(1) of, the *IDD*]

ICOBS 5.2.2C G

ICOBS 5.2.2BR applies whether or not advice is given and in the same way regardless of whether that contract is sold on its own, in connection with another *contract of insurance*, or in connection with other goods or services.

ICOBS 5.2.2D R

The sale of a *contract of insurance* must always be accompanied by a demands and needs test on the basis of information obtained from the *customer*.
[**Note**: recital 44 to, and article 20(1) of, the *IDD*]

Format of the statement of demands and needs: non-advised sales

ICOBS 5.2.4 G

Once the *firm* has obtained information from the *customer* and ensured the *contract of insurance* is consistent with the demands and needs, the format of a statement of demands and needs is flexible. Examples of approaches that may be appropriate where a *personal recommendation* has not been given include:

(1) providing a demands and needs statement as part of an application form, so that the demands and needs statement is made dependent upon the *customer* providing personal information on the application form. For instance, the application form might include a statement along the lines of: "If you answer 'yes' to questions a, b and c your demands and needs are those of a pet owner who wishes and needs to ensure

that the veterinary needs of your pet are met now and in the future";

(2) producing a demands and needs statement in product documentation that will be appropriate for anyone, for whose demands and needs the contract is consistent. For example, "This product meets the demands and needs of those who wish to ensure that the veterinary needs of their pet are met now and in the future"; and

(3) giving a *customer* a record of all his demands and needs that have been discussed

Means of communication to customers

ICOBS 5.2.5 R

The information to be provided to customers in *ICOBS 5.2* must be given in accordance with *ICOBS 4.1A* (Means of communication to customers).

[**Note**: article 23(1) of the *IDD*]

Section : ICOBS 5.3 Advised sales

Suitability

ICOBS 5.3.1 R

A *firm* must take reasonable care to ensure the suitability of its advice for any *customer* who is entitled to rely upon its judgement.

ICOBS 5.3.1A G

Where a *firm* provides advice to a *customer* in relation to a package which may include several *policies*, the *firm* should ensure the suitability of advice in *ICOBS 5.3.1R* in relation to each *policy* on which the *firm* is advising the *customer*.

Suitability guidance for pure protection contracts

ICOBS 5.3.2 G

(1) In taking reasonable care to ensure the suitability of advice on a *pure protection contract* a *firm* should:

1. (a) establish the *customer's* demands and needs by using information readily available to the *firm* and by obtaining further relevant information from the *customer*, including details of existing insurance cover; it need not consider alternatives to *policies* nor *customer* needs that are not relevant to the type of *policy* or *policies* in which the *customer* is interested;
2. (b) take reasonable care to ensure that a *policy* is suitable for the *customer's* demands and needs, taking into account its level of cover and cost, and relevant exclusions, excesses, limitations and conditions; and
3. (c) inform the *customer* of any demands and needs that are not met.

(2) [deleted]

Advice on the basis of a fair analysis

ICOBS 5.3.3 R

If an *insurance intermediary* informs a *customer* that it gives:

(1) advice on the basis of a fair analysis, it must give that advice on the basis of an analysis of a sufficiently large number of *contracts of insurance* available on the market to enable it to make a recommendation; or

(2) a *personal recommendation* on the basis of a fair and personal analysis, it must give that *personal recommendation* on the basis of an analysis of a sufficiently large number of insurance contracts available on the market to enable it to make a *personal recommendation*;

and in each case, it must be in accordance with professional criteria, regarding which contract of insurance would be adequate to meet the customer's needs.[**Note**: article 20(1) third paragraph of the *IDD*]

Personalised explanation

ICOBS 5.3.4 R Where a *firm* provides a *personal recommendation* (other than in relation to a *connected travel insurance contract*) the *firm* must, in addition to the statement of demands and needs, provide the *customer* with a personalised explanation of why a particular *contract of insurance* would best meet the *customer's* demands and needs.
[**Note**: article 20(1) third paragraph of the *IDD*]

Means of communication

ICOBS 5.3.5 R A *firm* must provide the information in this section in accordance with *ICOBS 4.1A* (Means of communication to customers).
[**Note**: article 23(1) of the *IDD*]

CHAPTER

ICOBS 6 Product Information

Section : ICOBS 6.-1 Producing and providing product information

Responsibilities for producing and providing information as between insurers and insurance intermediaries: general

ICOBS 6.-1.1 R An *insurer* is responsible for producing, and an *insurance intermediary* for providing to a *customer*, the information required by this chapter and by the distance communication *rules* (see *ICOBS 3.1*). However, an *insurer* is responsible for providing information required on mid-term changes, and an *insurance intermediary* is responsible for producing price information if it agrees this with an *insurer*.

ICOBS 6.-1.2 R If there is no *insurance intermediary*, the insurer is responsible for producing and providing the information.

ICOBS 6.-1.3 R An *insurer* must produce information in good time to enable the *insurance intermediary* to comply with the *rules* in this chapter, or promptly on an *insurance intermediary's* request.

ICOBS 6.-1.4 R These general rules on the responsibilities of insurers and *insurance intermediaries* are modified by *ICOBS 6 Annex 1* if one of the *firms* is not based in the *United Kingdom*, and in certain other situations.

Responsibility for producing the standardised insurance product information document

ICOBS 6.-1.5 R The *IPID* must be drawn up by the *manufacturer* of the *policy*.
[**Note**: article 20(6) of the *IDD*]

Section : ICOBS 6.1 Providing product information to customers: general

Ensuring customers can make an informed decision: the appropriate information rule

ICOBS 6.1.5 R

(1) A *firm* must ensure that a *customer* is given appropriate information about a policy in good time and in a comprehensible form so that the *customer* can make an informed decision about the arrangements proposed.

(2) The information must be provided to the *customer*:

(a) whether or not a *personal recommendation* is given; and

(b) irrespective of whether a *policy* is offered as part of a package with:

(i) a non-insurance product or service (see*ICOBS 6A.3* (Cross-selling)); or

(ii) another *policy*.

(3) Appropriate information is both objective and relevant information, and includes *IPID information*.

(4) Where the *firm* is proposing a *policy* (including if appropriate on *renewal*) 'in good time' means in good time prior to the conclusion of the *policy*.

[**Note**: articles 20(1) first paragraph and 20(4) of the *IDD*]

ICOBS 6.1.6 G

The appropriate information *rule* applies:

(1) at all of the different stages of a contract and includes pre-conclusion and post-conclusion, and also when mid-term changes and *renewals* are proposed;

(2) in the same way to any *policy*, regardless of whether that *policy* is sold on its own, in connection with another *policy*, or in connection with other goods or services; and

(3) to the price of the *policy*.

What level of information needs to be provided?

ICOBS 6.1.6B R

A *firm* must ensure that the level of appropriate information provided takes into account the complexity of the *policy* and the type of *customer*.

[**Note**: article 20(4) of the *IDD*]

ICOBS 6.1.7 G

The level of information required will vary according to matters such as:

(1) the knowledge, experience and ability of a typical *customer* for the *policy*;

(2) the *policy* terms, including its main benefits, exclusions, limitations, conditions and its duration;

(3) the *policy's* overall complexity;

(4) whether the *policy* is bought in connection with other goods and services including another *policy* (also see *ICOBS 6A.3* (cross selling));

(5) distance communication information requirements (for example, under the distance communication *rules* less information can be given during certain telephone

sales than in a sale made purely by written correspondence (see *ICOBS 3.1.14 R*)); and

(6) whether the same information has been provided to the *customer* previously and, if so, when.

Appropriate information regarding medical condition exclusions in travel insurance policies

ICOBS 6.1.7-A G

(1) This guidance is relevant to a *firm* when it provides a *consumer* with:

1. (a) a quotation for a *travel insurance policy*; or

2. (b) information regarding a *consumer's* eligibility to claim benefits in *ICOBS 5.1.1G* in respect of a *travel insurance policy*.

(2) At the same time as it provides the information in (1), the *firm* should:

(a) disclose to the *consumer* whether any *medical condition exclusion* can be removed from the *policy* (in whole or in part); and

(b) if so, how, and the terms on which it can be removed.

(3) *Firms* are also reminded of their obligations in *ICOBS 5.2.2BR* to ensure the *policy* proposed is consistent with the *consumer's* insurance demands and needs.

Appropriate information for commercial customers

ICOBS 6.1.7A G

A *firm* dealing with a *commercial customer*:

(1) may choose to provide some of or all of the appropriate information in an *IPID* (see *ICOBS 6.1.10AR*), a *policy summary* or a similar summary if it considers this to be a comprehensible form in which to provide that information; and

(2) should include the *IPID information* (regardless of whether an *IPID* itself is provided).

ICOBS 6.1.9 G

Cancellation rights do not affect what information it is appropriate to give to a *customer* in order to enable him to make an informed purchasing decision.

How must IPID information be provided?

ICOBS 6.1.10A R

A *firm*, when dealing with a *consumer* must provide the *IPID information* by way of an *IPID* for each *policy* (other than a *pure protection contract*).
[**Note**: articles 20(4) and 20(5) of the *IDD*]

ICOBS 6.1.10B G

The *IPID information*:

(1) needs to be provided on paper or on another *durable medium*;

(2) in the case of telephone selling, a *firm* may provide the *IPID* in accordance with the distance communication timing requirements and provide the *IPID* to the *customer* immediately after the conclusion of the *policy*,

in accordance with *ICOBS 6.6* (Means of communication).

[**Note**: article 23(7) of the *IDD*]

How must appropriate information other than IPID information be provided?

ICOBS 6.1.10C G

(1) Appropriate information other than *IPID information* includes, among other matters, any other information required by the appropriate information rule (*ICOBS 6.1.5R*), specific price disclosure requirements (*ICOBS 6.1.13R*), *Solvency II Directive* disclosure requirements (*ICOBS 6.2.2R*), renewals (*ICOBS 6.5*) and guaranteed assets protection (GAP) products (*ICOBS 6A.1.4R*).

(2) A *firm* needs to consider the form in which it provides appropriate information (see *ICOBS 6.1.5R*).

(3) A *firm* can provide the other information in (1) together with the *IPID* as long as the *IPID* remains a stand-alone document.

[**Note**: article 20(4) and article 20(7) last paragraph of the *IDD*]

Interaction between information provision requirements and the customer's best interests rule and the Consumer Duty

ICOBS 6.1.11 G

To comply with the customer's best interest rule and the *Consumer Duty*, a *firm* should:

(1) include consideration of the information needs of the *customers* including:

1. (a) what they need to understand the relevance of any information provided by the *firm*; and
2. (b) at which point in the sales process will the information be most useful to the *customer* to enable them to make an informed decision;

(2) provide evidence of cover promptly after inception of a *policy*,

taking into account the type of *customer* and the effect of other information requirements, for example, those under the distance communication rules (*ICOBS 3.1*); and

(3) in relation to a *group policy*, provide appropriate information to the customer, telling the *customer* to pass it on to each *policyholder*.

Under the *Consumer Duty*, a *firm* should provide evidence of cover promptly after inception of a *policy*. *Firms* will need to take into account the type of *customer* and the effect of other information requirements, for example those under the distance communication *rules* (*ICOBS 3.1*).

What additional information must be disclosed for packaged products and other relevant requirements?

ICOBS 6.1.13 R

(1) If a *policy* is bought by a *consumer* in connection with other goods or services a *firm* must, before conclusion of the contract, disclose its *premium* separately from any other prices and whether buying the *policy* is compulsory.

(2) In the case of a *distance contract*, disclosure of whether buying the *policy* is

compulsory may be made in accordance with the timing requirements under the distance communication *rules* (see *ICOBS 3.1.8 R*, *ICOBS 3.1.14 R* and *ICOBS 3.1.15 R*).

(3) This *rule* does not apply to policies bought in connection with other goods or services provided as part of a *packaged bank account*.

ICOBS 6.1.13A G

In addition to the requirements in *ICOBS 6.1* (Product information) *firms* are reminded that:

(1) when offering a *policy* as part of a *packaged bank account* the *firm* may be subject to the requirements of regulation 13 (payment accounts packages with another product or service) of the *Payment Accounts Regulations*;

(2) *ICOBS 6A.3* (Cross-selling) contains *rules* in relation to packages which include both insurance and non-insurance products or services.

Section : ICOBS 6.2 Pre-contract information: general insurance contracts

Application: what?

ICOBS 6.2.1 R This section applies in relation to a *general insurance contract*.

Disclosure requirements in relation to applicable law, complaints handling, head office and branch

ICOBS 6.2.2 R Before a *general insurance contract* is concluded, a *firm* must inform a *customer* who is a natural *person* of:

(1) the law applicable to the contract where the parties do not have a free choice, or the fact that the parties are free to choose the law applicable and, in the latter case, the law the *firm* proposes to choose; and

(2) the arrangements for handling *policyholders'* complaints concerning contracts including, where appropriate, the existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the *policyholders'* right to take legal proceedings.

[**Note:** article 183(1) to (2) of the *Solvency II Directive*]

ICOBS 6.2.2A R For the avoidance of doubt, *ICOBS 6.2.2R* applies to a *payment protection contract* with elements of a *general insurance contract.*

ICOBS 6.2.3 R (1) A *firm* which has its head office in the *European Economic Area* must inform a customer, before any commitment is entered into, of the state in which the head office or, where appropriate, the branch with which the contract is to be concluded, is situated.

(2) Any documents issued to the *customer* must convey the information required by this *rule*.

[**Note:** article 184(1) of the *Solvency II Directive*]

ICOBS 6.2.4 R A *firm* which has its head office in the *European Economic Area* must ensure that the contract or any other document granting cover, together with the insurance proposal where it is binding upon the *customer*, states the address of the head office, or, where appropriate, of the branch of the *firm* which grants the cover.

[**Note:** article 184(2) of the *Solvency II Directive*]

Disclosure of cancellation right

ICOBS 6.2.5 R (1) A *firm* must provide a *consumer* with information on the right to cancel a *policy*.

(2) The information to be provided on the right to cancel is:

(a) its existence;

(b) its duration;

(c) the conditions for exercising it;

(d) information on the amount which the *consumer* may be required to pay if he exercises it;

(e) the consequences of not exercising it; and

(f) the practical instructions for exercising it.

(3) The information must be provided in good time before conclusion of the contract and in writing or another *durable medium*.

Auto-renewal

ICOBS 6.2.6 R

(1) A *firm* must:

(a) inform a *consumer* whether the terms and conditions of their *policy* provide for the *policy* to automatically *renew* at the end of the term;

(b) provide the *consumer* with an explanation of the effect of automatic *renewal* for them; and

(c) provide the *consumer* with information on the right to cancel the automatic *renewal* element of the *policy* at any time.

(2) The information on the right to cancel the automatic *renewal* element must include:

(a) the existence of the right;

(b) the conditions for exercising it;

(c) the consequences of exercising it; and

(d) the practical instructions for exercising it.

(3) The information in (1) and (2) must be provided:

(a) in good time before conclusion of the contract; and

(b) in writing or in another durable medium.

(4) Paragraphs (1) to (3) do not apply in the case of a contract for private health or medical insurance, or pet insurance.

Section : ICOBS 6.3 Pre- and post-contract information: pure protection contracts

Solvency II Directive derived disclosure requirements

ICOBS 6.3.1 R

(1)

Before a *pure protection contract* is concluded, a *firm* must communicate, at least, the information in the table below to the customer.

(2)

The information must be provided in a clear and accurate manner, in writing, and in an official language of the *State of the commitment* or in another language if the *policyholder* so requests and the law of the *State of the commitment* so permits or the *policyholder* is free to choose the applicable law.

Information to be communicated before conclusion	
(1)	The name of the *insurance undertaking* and its legal form.
(2)	The name of the state in which the head office and, where appropriate, the agency or branch concluding the contract is situated.
(3)	The address of the head office and, where appropriate, of the agency or *branch* concluding the contract.
(3a)	A concrete reference to the *firm's SFCR* allowing the *policyholder* easy access to this information.
(4)*	Definition of each benefit and each option.
(5)*	Term of the contract.
(6)*	Means of terminating the contract.
(7)*	Means of payment of *premiums* and duration of payments.
(8)*	Information on the *premiums* for each benefit, both main benefits and supplementary benefits, where appropriate.
(9)*	Arrangements for application of the cancellation period.
(10)	General information on the tax arrangements applicable to the type of *policy*.
(11)	The arrangements for handling complaints concerning contracts by *policyholders*, lives assured or *beneficiaries* under contracts including, where appropriate, the

	existence of a complaints body (usually the *Financial Ombudsman Service*), without prejudice to the right to take legal proceedings.
(12)	The law applicable to the contract where the parties do not have a free choice or, where the parties are free to choose the law applicable, the law the *firm* proposes to choose.
Note: The *rule* on mid-term changes applies to items marked with an asterisk (see *ICOBS 6.3.3 R*).	

[**Note:** article 185 of the *Solvency II Directive*]

ICOBS 6.3.2 G If the contract is concluded with a *commercial customer* by telephone, the information in this section may be provided immediately after conclusion.

Mid-term changes

ICOBS 6.3.3 R A *firm* must keep a *customer* informed throughout the term of a *pure protection contract* of any change concerning the *policy* conditions, both general and special, and any change in the following information:

(1) the name of the*firm*, its legal form or the address of its head office and, where appropriate, of the agency or branch which concluded the contract; and

(2) all the information marked '*' in the table of information to be communicated before conclusion, in the event of a change in the *policy* conditions or amendment of the law applicable to the contract.

[**Note:** article 185(3) and (5) of the *Solvency II Directive*]

ICOBS 6.3.4 R When a *firm* provides a *customer* with information in accordance with *ICOBS 6.3.3 R*, it must provide it in a clear and accurate manner, in writing, in an official language of the *State of the commitment*, or in another language if the *policyholder* so requests and the law of the *State of the commitment* so permits or the *policyholder* is free to choose the law applicable.
[**Note:** article 185(3), (5) and (6) of the *Solvency II Directive*]

Section : ICOBS 6.4 Pre- and post-contract information: protection policies

Application: what?

ICOBS 6.4.1 R This section applies in relation to a *pure protection contract* except as otherwise stated.

Oral sales: ensuring customers can make an informed decision

ICOBS 6.4.2 R

(1) If a *firm* provides information orally during a sales dialogue with a *customer* on a main characteristic of a *policy*, it must do so for all the *policy's* main characteristics.

(2) A *firm* must take reasonable steps to ensure that the information provided orally is sufficient to enable the *customer* to take an informed decision on the basis of that information, without overloading the *customer* or obscuring other parts of the information.

ICOBS 6.4.3 G

(1) A *policy's* main characteristics include its significant benefits, its significant exclusions and limitations, its duration and price information.

(2) A significant exclusion or limitation is one that would tend to affect the decision of *customers* generally to buy. In determining what exclusions or limitations are significant, a *firm* should particularly consider the exclusions or limitations that relate to the significant features and benefits of a *policy* and factors which may have an adverse effect on the benefit payable under it. Another type of significant limitation might be that the contract only operates through certain means of communication, e.g. telephone or internet.

Policy summary

ICOBS 6.4.4 R A *firm* must provide a *consumer* with a *policy summary* in good time before the conclusion of a *pure protection contract*.

Price information: general

ICOBS 6.4.6 R A *firm* must provide price information in a way calculated to enable the *customer* to relate it to a regular budget.

ICOBS 6.4.7 G Price information is likely also to include at least the total *premium* (or the basis for calculating it so that the *customer* can verify it) and, where relevant:

(1) for *policies* of over one year with reviewable *premiums*, the period for which the quoted *premium* is valid, and the timing of reviews;

(2) other *fees*, administrative charges and taxes payable by the *customer* through the *firm*; and

(3) a statement identifying separately the possibility of any taxes not payable through the *firm*.

ICOBS 6.4.8 G Price information should be given in writing or another *durable medium* in good time before

conclusion of the contract. This is in addition to any requirement or decision to provide the information orally. In the case of a *distance contract* concluded over the telephone, it may be provided in writing or another *durable medium* no later than immediately after conclusion.

Price information: premiums paid using a non-revolving credit agreement

ICOBS 6.4.9 R

(1) This *rule* applies when a *premium* will be paid using a credit agreement other than a revolving credit agreement.

(2) A *firm* must provide price information in a way calculated to enable the *customer* to understand the additional repayments that relate to the purchase of the *policy*, and the total cost of the *policy*.

(3) Price information must reflect any difference between the duration of the *policy* and that of the credit agreement.

(4) A *firm* must explain to a *customer*, as applicable, that the *premium* will be added to the amount provided under the credit agreement and that interest will be payable on it.

Price information: policies sold in connection with revolving credit arrangements

ICOBS 6.4.10 G

(1)

This *guidance* applies to *policies* bought as secondary products to revolving credit agreements (such as store cards or credit cards).

(2)

Price information should be given in a way calculated to enable a typical *customer* to understand the typical cumulative cost of taking out the *policy*. This does not require oral disclosure where there is a sales dialogue with a *customer*. However, consistent with the *Consumer Duty*, a *firm* should ensure that this element of price information is not undermined by any information given orally.

Mid-term changes

ICOBS 6.4.11 R

(1) Throughout the term of a *policy*, a *firm* must provide a *customer* with information about any change to:

(a) the *premium*, unless the change conforms to a previously disclosed formula; and

(b) any term of the *policy*, together with an explanation of any implications of the change where necessary.

(2) This information must be provided in writing or another *durable medium* in good time before the change takes effect or, if the change is at the *customer's* request, as soon as is practicable provided the *firm* explains the implications of the change before it takes effect.

ICOBS 6.4.12 G

(1) When explaining the implications of a change, a *firm* should explain any changes

to the benefits and significant or unusual exclusions arising from the change.

(2) *Firms* will need to consider whether mid-term changes are compatible with the original *policy*, in particular whether it reserves the right to vary *premiums*, charges or other terms. *Firms* also need to ensure that any terms which reserve the right to make variations are not themselves unfair under the *Unfair Terms Regulations* (for contracts entered into before 1 October 2015) or the *CRA*.

Section : ICOBS 6.5 Renewals

Renewals

ICOBS 6.5.1 R

(1) This section applies when a *firm* proposes to a *consumer* the renewal of a *general insurance contract*, which is not a *group policy*, and which has a duration of 10 months or more.

(2) In this section, 'renewal' means carrying forward a *policy*, at the point of expiry and as a successive or separate operation of the same nature and duration as the *policy*, with the same *insurance intermediary* or the same *insurer*.

(3) The *firm* must provide to the *consumer* the following information in good time before the renewal:

(a) the *premium* to be paid by the *consumer* on renewal;

(b) in a way that is consistent with the presentation of (a) so that they can be easily compared:

(i) except where (ii) applies, the *premium* for the *policy* which the *firm* proposes to renew, as set out at the inception of that *policy*;

(ii) where one or more mid-term changes were made to the *policy* which the *firm* proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed *policy*) the *premium* in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;

(c) a statement alongside (a) and (b) indicating that the *consumer*:

(i) should check that the level of cover offered by the renewal is appropriate for their needs; and

(ii) is able, if they so wish, to compare the prices and levels of cover offered by alternative providers; and

(d) a statement informing the *consumer* whether the contract will automatically renew or whether the *consumer* needs to take action to accept the renewal offer.

(4) Where the proposed renewal will be the fourth or subsequent renewal the *consumer* has entered into in respect of the policy, the *firm* must include the following statement, to appear alongside the matters required by (3)(a), (b) and (c)(i) (but omitting (c)(ii)): "You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around."

(5) The *firm* must communicate the information in (3) and (4):

(a) clearly and accurately;

(b) in writing or another *durable medium*; and

(c) in a way that is accessible and which draws the *consumer's* attention to it as key information.

ICOBS 6.5.1A G

(1) When a *firm* proposes to a *consumer* the renewal of a *travel insurance policy*, the *firm* should at the same time:

(a) disclose to the *consumer* whether any *medical condition exclusion* can be removed from the *policy* (in whole or in part); and

(b) if so, how, and the terms on which it can be removed.

(2) *Firms* are reminded of their obligations in:

(a) *ICOBS 6A.4.5R*, where one or more of the circumstances set out in *ICOBS 6A.4.6R* applies in respect of the *policy* proposed on renewal; and

(b) *ICOBS 5.2.2BR* to ensure the *policy* proposed is consistent with the *consumer's* insurance demands and needs.

ICOBS 6.5.2 G

A *firm* should have regard to the record-keeping obligations referred to in *ICOBS 2.4.1G* and ensure that it has appropriate systems and controls in place with respect to:

(1) the adequacy of its records so it may fulfil its regulatory and statutory obligations; and

(2) the sufficiency of its records to enable the *FCA* to monitor the *firm's* compliance with the requirements under the *regulatory system*.

ICOBS 6.5.3 G

A *firm* should ensure it complies with the other requirements in *ICOBS* that are relevant, such as providing product information to *customers* (see *ICOBS 6.1*), including the requirement to provide an *IPID* (see *ICOBS 6.1.10AR*).

Section : ICOBS 6.6 Means of communication

Means of communication

ICOBS 6.6.1 R

The information in *ICOBS 6*, unless modified in this chapter, must be given in accordance with *ICOBS 4.1A* (Means of communication to customers).

[**Note**: article 23(1) of the *IDD*]

Section : ICOBS 6 Annex 1 Responsibilities of insurers and insurance intermediaries in certain situations

ICOBS 6 Annex 1 R

This annex belongs to *ICOBS 6.-1.4R*

The table in this annex modifies the general *rules* on the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this chapter. The table does not include the responsibilities of *insurers* and intermediaries for producing the *IPID* (*ICOBS 6.-1.5R*).

	Situation	*Insurance intermediary's* responsibility	*Insurer's* responsibility
(1)	*Insurance intermediary* operates from *UK* establishment *Insurer* does not operate from *UK* establishment	Production and providing	None
(2)	*Insurance intermediary* does not operate from *UK* establishment, is not *authorised*, is selling *connected contracts* or is *authorised professional firm* carrying on *non-mainstream regulated activities* *Insurer* operates from *UK* establishment *Customer habitually resident* in the *United Kingdom*	None	Production and providing (but for *pure protection contracts* no *policy summary* is required unless the *insurance intermediary* does not operate from a *UK* establishment)

(3)	As (2) but *customer habitually resident* outside the *United Kingdom* and insurer not in contact with the *customer*	None	None
(4)	As (2) but *customer habitually resident* outside the *United Kingdom* and *insurer* in contact with the *customer*	None	Production and providing
(5)	*Insurance intermediary* does not operate from *UK* establishment *Insurer* does not operate from *UK* establishment	None	Production and providing
(6)	Where *ICOBS 6.5.1R* applies	Production and providing, as appropriate, where dealing with a *consumer* on renewal	Production and providing, as appropriate, where dealing with a *consumer* on renewal

Section : ICOBS 6 Annex 2 Policy summary (pure protection contracts and / or commercial customers)

ICOBS 6 Annex 2

This annex belongs to *ICOBS 6.1.7AG* and *ICOBS 6.4.4R*

1	Format		
1.1	R	(1)	A *policy summary* must be in writing or another *durable medium*.
		(2)	A *policy summary* must be in a separate document, or within a prominent separate section of another document clearly identifiable as containing key information that the *consumer* should read.
1.2	G	The quality and presentation standard of a *policy summary* should be consistent with that used for other *policy* documents.	
1.3	G	A reference to *consumer* has the meaning *commercial customer* if a *policy summary* is used for the purposes set out in *ICOBS 6.1.7AG* (appropriate information for commercial customers).	
2	Content		
2.1	R	A *policy summary* must contain the information in the table below and no other information.	
		Policy summary content	
		• Key facts logo in a prominent position at the top of the *policy summary*. Further requirements regarding the use of the logo and the location of specimens are set out in *GEN 5.1* and *GEN 5 Annex 1 G*.	
		• Statement that the *policy summary* does not contain the full terms of the *policy*, which can be found in the policy document.	

		• Name of the *insurance undertaking*.	
		• Type of insurance and cover.	
		• Significant features and benefits.	
		• Significant or unusual exclusions or limitations, and cross-references to the relevant policy document provisions.	
		• Duration of the *policy*.	
		• A statement, where relevant, that the *consumer* may need to review and update the cover periodically to ensure it remains adequate.	
		• Price information (optional).	
		• Existence and duration of the right of cancellation (other details may be included).	
		• Contact details for notifying a claim.	
		• How to complain to the *insurance undertaking* and that complaints may subsequently be referred to the *Financial Ombudsman Service* (or other applicable named complaints scheme).	
		• That, should the *insurance undertaking* be unable to meet its liabilities, the consumer may be entitled to compensation from the *compensation scheme* (or other applicable compensation scheme), or that there is no compensation scheme. Information on the extent and level of cover and how further information can be obtained is optional.	
2.2	G	A *policy summary* should properly describe the *policy* but, in line with *Principle* 7 and the *Consumer Duty* (as applicable), should not overload the *consumer* with detail.	
3	Significant or unusual exclusions or limitations		
3.1	G	(1)	A significant exclusion or limitation is one that would tend to affect the decision of *consumers* generally to buy. An unusual exclusion or

			limitation is one that is not normally found in comparable contracts.
		(2)	In determining what exclusions or limitations are significant, a *firm* should, in particular, consider the exclusions or limitations that relate to the significant features and benefits of a *policy* and factors which may have an adverse effect on the benefit payable under it.
		(3)	Another type of significant limitation might be that the contract only operates through certain means of communication, e.g. telephone or internet.
		Examples of significant or unusual exclusions or limitations	
		• Deferred payment periods	
		• Exclusion of certain conditions, diseases or pre-existing medical conditions	
		• Moratorium periods	
		• Limits on the amounts of cover	
		• Limits on the period for which benefits will be paid	
		• Restrictions on eligibility to claim such as age, residence or employment status	
		• Excesses	
4	Key features document as an alternative to a policy summary		
4.1	R	A *firm* may provide a document that has the contents of a *key features*	

		document instead of a *policy summary*. The document must include contact details for notifying a claim but need not include the title 'key features of the [name of product]'.

Section : ICOBS 6 Annex 3 Providing product information by way of a standardised insurance information document

ICOBS 6 Annex 3 R

This annex belongs to *ICOBS 6.1.10AR*.

1	[deleted]			

2	What information needs to be contained in the IPID?		
2.1	R	The *IPID* must contain the following information:	
		(1)	information about the type of insurance;
		(2)	a summary of the insurance cover, including the main risks insured, the insured sum and, where applicable, the geographical scope and summary of excluded risks;
		(3)	the means of payment of premium and the duration of payments;
		(4)	main exclusions where claims cannot be made;
		(5)	obligations at the start of the contract;
		(6)	obligations during the term of the contract;
		(7)	obligations in the event that a claim is made;
		(8)	the term of the contract including the start and end dates of the contract;
		(9)	the means of terminating the contract.

		[**Note**: article 20(8) of the *IDD*]	
2.2	G	A *firm*, when providing the information in the *IPID*, should consider:	
		(1)	the *rules* and *guidance* on providing appropriate information to *customers* in *ICOBS 6.1*;
		(2)	the order of the information and priority of the information to be provided; and
		(3)	the information needs of the *firm's* typical *customer* for the *policy*.
2.3	G	A *firm* that manufactures the *policy* should, when drawing up the *IPID*, have regard to the target market and intended distribution strategy.	
2.3A	G	*Firms* are reminded that the *IPID* must be provided for each individual *policy* (see *ICOBS 6.1.10AR*). This is regardless of whether that *policy* is sold on its own, in connection with another *policy* or in connection with other goods and services.	
	Name and company logo of the manufacturer		
2.4	R		The name of the *manufacturer* of the *non-investment insurance product*, its regulatory status, and, where relevant, its *firm's* reference number (FRN) must immediately follow the title 'insurance product information document' at the top of the first page.
2.5	G		The *manufacturer* may insert its company logo to the right of the title referred to in *ICOBS 6 Annex 3R paragraph 2.4R*.
		[**Note**: article 1 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]	
	Reference to complete pre-contractual and contractual information		
2.6	R		The *IPID* must state prominently that complete pre-contractual and

			contractual information about the *policy* is provided to the *consumer* in other documents. That statement must be placed immediately below the name of the *manufacturer* of the insurance product.
		[**Note**: article 2 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]	
3	How must the IPID be presented and formatted?		
3.1	R	The *IPID* must:	
		(1)	be a short and stand-alone document;
		(2)	be presented and laid out in a way that is clear and easy to read, using characters of a readable size;
		(3)	be no less comprehensible in the event that, having been originally produced in colour, it is printed or photocopied in black and white;
		(4)	be written in the official languages, or in one of the official languages, used in the part of the state where the *policy* is offered or, if agreed by the *consumer* and the *insurance distributor*, in another language;
		(5)	be accurate and not misleading;
		(6)	contain the title 'insurance product information document' at the top of the first page;
		(7)	include a statement that complete pre-contractual and contractual information on the product is provided in other documents.
		[**Note**: article 20(7)(a) to (g) of the *IDD*]	
	Length		
3.2	R		The *IPID* must be set out on two sides of A4-sized paper when printed. Exceptionally,

			if more space is needed, the *IPID* may be set out on a maximum of three sides of A4-sized paper when printed. Where a *manufacturer* uses three sides of A4-sized paper, it must, upon request by the *FCA*, be able to demonstrate that more space was needed.
		[**Note**: article 3 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]	
	Presentation and order of content		
3.3	R		The *IPID* information must be presented in different sections and in accordance with the structure, lay-out, headings and sequence as set out in the standardised presentation format in *ICOBS 6 Annex 3R paragraph 3.13R* below, using a font size with an x-height of at least 1.2 mm.
3.4	G		The length of the sections referred to in *ICOBS 6 Annex 3R paragraph 3.3R* may vary, depending on the amount of information that is to be included in each section.
3.4A	R	Any information about optional covers must not be preceded by ticks, crosses or exclamation marks.	
3.5	G		Where the *IPID* is presented using a *durable medium* other than paper, the size of the components in the layout may be changed, provided that the layout, headings and sequence of the standardised presentation format, as well as the relative prominence and size of the different elements, are retained.
3.6	R		Where the dimensions of the *durable medium* other than paper are such that a layout using two columns is not feasible, a presentation using a single column may be

			used, provided that the sequence of the sections is as follows:	
			(1)	'What is this type of insurance?'
			(2)	'What is insured?'
			(3)	'What is not insured?'
			(4)	'Are there any restrictions on cover?'
			(5)	'Where am I covered?'
			(6)	'What are my obligations?'
			(7)	'When and how do I pay?'
			(8)	'When does the cover start and end?'
			(9)	'How do I cancel the contract?'.
3.7	R		The use of digital tools, including layering and pop-ups is permitted, provided that all the *IPID* information is provided in the main body of the *IPID* and that the use of such tools does not distract the *consumer's* attention from the content of the main document. Information provided through layering and pop-ups must not include marketing or advertising material.	
		[**Note**: article 4 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product		

		information document]		
	Plain language			
3.8	R		The *IPID* must be drafted in plain language, avoiding jargon and facilitating the *consumer's* understanding of the content of that document.	
		[**Note**: article 5 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]		
3.8A	G	*Firms* are reminded that the *IPID* forms a part of the appropriate information about a *policy* a *firm* must give a *consumer* so that the *consumer* can make an informed decision about the arrangements proposed (see *ICOBS 6.1.5R*). The *IPID* only focuses on the key information that the *consumer* will always need to make an informed decision.		
		[**Note**: article 5 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]		
	Headings and information thereunder			
3.9	R		The sections of the *IPID* must set out the *IPID* information (see *ICOBS 6 Annex 3R paragraph 2.1R*) under the specified headings as follows:	
			(1)	the type of insurance must be included under the heading 'What is this type of insurance?', at the top of the document;
			(2)	the main risks insured must be included under the heading 'What is insured?'. Each piece of

				information listed in this section must be preceded by a green 'tick' symbol;
			(3)	the insured sum must be included under the heading 'What is insured?';
			(4)	geographical scope, where applicable, must be included under the heading 'Where am I covered?'. Each piece of information listed in this section must be preceded by a blue 'tick' symbol;
			(5)	a summary of the excluded risks must be included under the heading 'What is not insured?'. Each piece of information in this section must be preceded by a red 'X' symbol;
			(6)	the main exclusions must be included under the heading 'Are there any restrictions on cover?'. Each piece of information listed in this section must

				be preceded by an orange exclamation mark symbol;
			(7)	the relevant obligations must be included under the heading 'What are my obligations?';
			(8)	the means and duration of payment of premiums must be included under the heading 'When and how do I pay?';
			(9)	the term of the contract must be included under the heading 'When does the cover start and end?';
			(10)	the means of terminating the contract must be included under the heading 'How do I cancel the contract?'.
3.9A	R		The use of sub-headings is permitted, where necessary.	
		[**Note**: article 6 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]		
	Use of icons			
3.10	R		Each section of the *IPID*, referred to in *ICOBS 6 Annex 3R paragraph 3.9R*, must	

			also be headed by icons that visually represent the content of the respective section headings, as follows:	
			(1)	the information on the main risks insured must be headed by an icon of an umbrella, which must be white on a green background or green on a white background;
			(2)	the information on the geographical scope of the insurance cover must be headed by an icon of a globe, which must be white on a blue background or blue on a white background;
			(3)	the information on excluded risks must be headed by an icon of an X symbol within a triangle, which must be white on a red background or red on a white background;
			(4)	the information on the main exclusions must be headed by an

				exclamation mark (‘!’) within a triangle, which must be white on an orange background or orange on a white background;
			(5)	the information on the obligations at the start of the contract, during the term of the contract and in the event that a claim is made, must be headed by an icon of a handshake, which must be white on a green background or green on a white background;
			(6)	the information on the means and duration of payments must be headed by an icon of coins, which must be white on a yellow background or yellow on a white background;
			(7)	the information on the term of the contract must be headed by an icon of an hourglass,

				which must be white on a blue background or blue on a white background;
			(8)	the information on the means of terminating the contract must be headed by an icon of a hand with an open palm on a shield, which must be white on a black background, or black on a white background.
3.11	R		All icons must be displayed in a manner consistent with the standardised presentation format in *ICOBS 6 Annex 3R paragraph 3.13R* the Annex.	
3.12	G		The icons referred to in *ICOBS 6 Annex 3R paragraphs 3.10R* and *ICOBS 6 Annex 3R paragraphs 3.11R* may be presented in black and white where the insurance product information document is printed or photocopied in black and white.	
		[**Note**: article 7 of the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]		
	Template for the standardised presentation format			
3.13	R	ANNEX		

[**Note**: Annex to the Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardised presentation format for the insurance product information document]

CHAPTER

ICOBS 6A Product specific rules

Section : ICOBS 6A.1 Guaranteed asset protection (GAP) contracts

Application

ICOBS 6A.1.1 R This section applies to a *firm* which sells a *GAP contract* to a *customer* in connection with the sale of a *vehicle* by:

(1) the *firm*; or

(2) a *person* connected to the *firm*.

ICOBS 6A.1.2 G There is a sufficient connection between the *GAP contract* and the sale of a *vehicle* if the *GAP contract* is sold in connection with other goods and services, for example a *credit agreement*.

ICOBS 6A.1.3 G A *person* connected with a *firm* includes acting as an *introducer* or *appointed representative* for that *firm* or if, regardless of *authorisation* status, it has a relevant business relationship with the *firm*.

Ensuring the customer can make an informed decision

ICOBS 6A.1.4 R (1) Before a *GAP contract* is concluded, a *firm* must give the *customer* the following information:

(a) the total *premium* of the *GAP contract*, separate from any other prices;

(b) the significant features and benefits, significant and unusual exclusions or limitations, and cross-references to the relevant policy document provisions;

(c) whether or not the *GAP contract* is sold in connection with *vehicle* finance, that *GAP contracts* are sold by other distributors;

(d) the duration of the *policy*;

(e) whether the *GAP contract* is optional or compulsory;

(f) when the *GAP contract* can be concluded by the *firm*, as described in *ICOBS 6A.1.6R* and *ICOBS 6A.1.7R*; and

(g) the date the information in (a) to (f) is provided to the *customer*.

(2) This information must be communicated in a clear and accurate manner and on paper or another *durable medium* in accordance with *ICOBS 4.1A*.

(3) This information must be drawn to the *customer's* attention and must be clearly identifiable as key information that the *customer* should read.

ICOBS 6A.1.5 G A *firm* must also comply with the *rules* in *ICOBS 6* (Product Information).

Deferred opt-in for GAP contracts

ICOBS 6A.1.6 R Except as specified in *ICOBS 6A.1.7R*, a *GAP contract* cannot be concluded by a *firm* until at least 2 clear *days* have passed since the *firm* complied with *ICOBS 6A.1.4R*.

ICOBS 6A.1.7 R

A *firm* can conclude a *GAP contract* the *day* after providing the information in *ICOBS 6A.1.4R* to a *customer* if the *customer*:

(1) initiates the conclusion of the *GAP contract*; and

(2) consents to the *firm* concluding the *GAP contract* earlier than provided for in *ICOBS 6A.1.6R*, and confirms that they understand the restriction in *ICOBS 6A.1.6R*.

ICOBS 6A.1.8 G

Before concluding a *GAP contract*, a *firm* should have regard to the information needs of its *customers* and consider whether it would be in the *customer's* interest to receive the information in *ICOBS 6A.1.4R* again, for example, if a long time has passed between providing the information and the conclusion of the contract.

Section : ICOBS 6A.2 Optional additional products

Restriction on marketing or providing an optional product for which a fee is payable

ICOBS 6A.2.1 R

(1) A *firm* must not enter into an agreement with a *customer* under which a charge is, or may become, payable for an *optional additional product* unless the *customer* has actively elected to obtain that specific product.

(2) A *firm* must not impose a charge on a *customer* for an *optional additional product* under an agreement entered into on or after 1 April 2016 unless the *customer* has actively elected to obtain that specific product before becoming bound to pay the charge.

(3) A *firm* must not invite or induce a *customer* to obtain an *optional additional product* for which a charge will be, or may become, payable if the *firm* knows or has reasonable cause to suspect that:

(a) a contravention of (1) or (2) will take place with respect to the product; or

(b) the *person* supplying the *optional additional product* will act in a way that would contravene (1) or (2) if that *person* were a *firm*.

(4) An omission by a *customer* is not to be regarded as an active election for the purpose of this *rule*.

(5) It is immaterial for the purposes of (3) whether or not the *firm* would or might be a party to the agreement for the *optional additional product*.

(6) A charge includes a financial consideration of any kind whether payable to the *firm* or any other *person*.

(7) [deleted]

(8) If the *customer* is required to obtain an additional product as a condition for the purchase of the *non-investment insurance contract* then that product is an *optional additional product* if the *customer* is given a choice:

(a) as to the seller or supplier from whom to obtain the product; or

(b) which specific product to obtain.

(9) It is immaterial for the purposes of (7) and (8) whether the *optional additional product* is obtained from the *firm* or another *person*.

(10)

(a) If, under the terms and conditions of an *optional additional product*, there is to be an automatic renewal of the agreement on substantially the same terms, it suffices for the purposes of (1) to (3) if the *customer* actively elected before entering into the initial agreement or a preceding renewal to obtain the product.

(b) An automatic renewal of the agreement is not to be regarded as being on substantially the same terms if, following the renewal, a charge will or may become payable for the *optional additional product* for the first time (in which case, (1) to (3) apply at the time of the renewal).

(c) Except as set out in (b), changes in the level of charges for an *optional additional product* are to be disregarded in determining whether an automatic renewal of an agreement is on substantially the same terms.

(11) A *customer* may make an active election for the purposes of this rule through an intermediary in the sales process or through a *person* acting on behalf of the *firm*.

ICOBS 6A.2.2 G An example of an omission by a *customer* which is not to be regarded as an active election is the failure by the *customer* to change a default option such as a pre-ticked box on a website.

ICOBS 6A.2.3 G *Firms* are reminded that a similar prohibition on opt-out selling of add-on products is imposed by The *Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013* in relation to optional additional agreements where the main sale is not a financial service or product.

ICOBS 6A.2.4 G *Firms* are reminded that they must ensure that their *appointed representatives* comply with this section *ICOBS 6A.2*.

ICOBS 6A.2.5 G *Firms* are reminded that *retail premium finance* is an *optional additional product* for the purposes of *ICOBS 6A.2.1R*.

Section : ICOBS 6A.3 Cross-selling

Requirements where insurance is the primary product

ICOBS 6A.3.1 R When offering a non-insurance ancillary product or service as part of a package or the same agreement with an insurance product, a *firm* must:

(1) inform the *customer* whether it is possible to buy the different components separately and, if so must provide the *customer* with an adequate description of:

(a) the different components;

(b) where applicable, any way in which the risk or insurance coverage resulting from the agreement or package differs from that associated with the components taken separately; and

(2) provide the *customer* with separate evidence of the costs and charges of each component.

[**Note**: articles 24(1) and (2) of the *IDD*]

Requirements where insurance is the ancillary product

ICOBS 6A.3.2 R When offering an insurance product ancillary to and as part of a package or in the same agreement with a non-insurance product or service, a *firm* must offer the *customer* the option of buying the non-insurance goods or services separately.

ICOBS 6A.3.3 R *ICOBS 6A.3.2R* does not apply where the non-insurance product or service is any of the following:

(1) *investment services or activities*;

(2) a credit agreement as defined in point 3 of article 4 of the *MCD* which is:

(i) an *MCD credit agreement*; or

(ii) an *exempt MCD credit agreement*; or

(iii) a *CBTL credit agreement*; or

(iv) a credit agreement referred to in *articles 72G(3B)* and (4) of the *Regulated Activities Order*;

(3) a payment account as defined in regulation 2(1) of the *Payment Accounts Regulations*.

[**Note**: article 24(3) of the *IDD*]

General

ICOBS 6A.3.4 R This section does not prevent the distribution of insurance products which provide coverage for various types of risks (multi-risk insurance policies).
[**Note**: article 24(5) of the *IDD*]

ICOBS 6A.3.5 G In addition to the rules in *ICOBS 6A.3 firms* should still comply with the other *rules* in *ICOBS* relating to the offer and sale of insurance products that form part of the package or agreement, such as those applying to price disclosure (*ICOBS 6.1.13R*), *optional additional*

products (*ICOBS 6A.2*) and specifying the demands and needs of the *customer* (*ICOBS 5.2.1R*).

[**Note**: article 24(6) of the *IDD*]

Section : ICOBS 6A.4 Travel insurance and medical conditions

Application

ICOBS 6A.4.1 R This section applies in relation to a *travel insurance policy*, which is not:

(1) a *group policy*; or

(2) a *policy* entered into by a *commercial customer*.

Purpose

ICOBS 6A.4.2 G The purpose of this section is to improve access for *consumers* to *travel insurance policies* that include cover for more serious medical conditions.

Medical cover firm directory

ICOBS 6A.4.3 R (1) A *firm* must include the details of a *medical cover firm directory* on the page of its website where it markets *travel insurance policies*.

(2) The information required by (1) must:

(a) be provided in a prominent, clear and accurate manner; and

(b) include the contact details of the *medical cover firm directory*, including its telephone number and a link to its website;

(3) The obligations in (1) and (2) apply 30 calendar days from the date on which the *firm* becomes aware (or ought reasonably to have become aware) of a publicly available directory that meets the requirements of a *medical cover firm directory*.

ICOBS 6A.4.4 G The *FCA's* website contains a list of those directories which it considers to be *medical cover firm directories*.

Additional pre-contract information for the consumer

ICOBS 6A.4.5 R (1) Where one or more circumstances set out in *ICOBS 6A.4.6R* applies, the *firm* that is responsible for communicating with the *consumer* under this sourcebook, must also communicate to the *consumer*:

(a) the contact details, including telephone number and website, of the *medical cover firm directory*;

(b) the purpose of the *medical cover firm directory*; and

(c) the potential benefits of accessing the *medical cover firm directory* and any other relevant considerations.

(2) The *firm* must communicate the information in (1):

(a) in a manner that is prominent, clear and accurate; and

(b) in accordance with *ICOBS 4.1A*.

The circumstances

ICOBS 6A.4.6 R The circumstances for the purposes of *ICOBS 6A.4.5R* are where a *firm*:

(1) declines, or otherwise does not offer, a *consumer* a quotation due (wholly or partly) to a medical condition;

(2) cancels a *consumer'spolicy* due (wholly or partly) to a medical condition;

(3) offers a *policy* with a *medical condition exclusion* which cannot be removed from the *policy*;

(4) offers a *policy* with a *medical condition premium* of the amount (or more) as set out in, or calculated in accordance with, *ICOBS 6A.4.6AR*; and/or

(5) offers a *policy* in respect of which the *medical condition premium* is not known.

ICOBS 6A.4.6A R

(1) The *medical condition premium* amount referred to in *ICOBS 6A.4.6R(4)* is £200, or the amount calculated in accordance with (2) below, (or more).

(2) The *medical condition premium* amount of £200 in (1) must be adjusted at the end of every 5-year period based on the ratio difference in the *CPI*. The adjusted *medical condition premium* amount must be calculated using the following formula:

1. (a)

$$£200 \times \frac{Y}{135.4}; \text{ and}$$

2. (b) rounded down to the nearest pound sterling (£).

(3) In (2)(a):

(a) £200 is the base figure (and it will always be this amount);

(b) 135.4 is the January 2025 *CPI* (and it will always be this); and

(c) Y is the *CPI* of the 'last January of the relevant 5-year period'.

[**Note:** The *CPI* is published on the Office for National Statistics website, available at: *https://www.ons.gov.uk/economy/inflationandpriceindices*]

(4) In (2) and (3)(c):

(a) a 5-year period starts in January and ends the January 5 years later;

(b) the first relevant 5-year period for the purposes of the adjustment referred to in (2) is the period from January 2025 to January 2030; and

(c) the last Januarys of the relevant 5-year periods are set out in the table below:

Relevant 5-year period for purposes of the calculation in (2)	Last January of the relevant 5-year period (Y)
January 2025 to January 2030	January 2030

Relevant 5-year period for purposes of the calculation in (2)	Last January of the relevant 5-year period (Y)
January 2030 to January 2035	January 2035
January 2035 to January 2040	January 2040
Continued for every subsequent 5-year period.	

Content of communication

ICOBS 6A.4.7 G

(1)

When describing the purpose and potential benefits of accessing the *medical cover firm directory*, the communication provided to consumers pursuant to *ICOBS 6A.4.5R* should:

1. (a) tell the *consumer* why they are receiving the communication;
2. (b) taken as a whole, not discourage the *consumer* from using the directory; and
3. (c) otherwise be the result of careful consideration by the *firm* of *consumer* needs and expectations in light of the requirements of relevant *principles* and *rules*.

(2)

An example of a relevant consideration (referred to in *ICOBS 6A.4.5R(1)(c)*) is where multiple *consumers* have applied for a joint travel insurance *policy* from the *firm* and should consider the consequences of purchasing separate *travel insurance policies*.

Exception: multiple policies

ICOBS 6A.4.8 R

A *firm* need not comply with *ICOBS 6A.4.5R* where it is contemporaneously able to communicate an offer to a *consumer* of a *travel insurance policy* in respect of which none of the circumstances set out in *ICOBS 6A.4.6R* apply.

Exception: consumer has already accessed the medical cover firm directory

ICOBS 6A.4.9 R

A *firm* need not comply with *ICOBS 6A.4.5R* where all the following conditions are met:

(1) the *firm* is listed on a *medical cover firm directory*;

(2) the *firm* is aware that the *consumer* has already accessed the *medical cover firm directory* in respect of the same risk; and

(3) only *ICOBS 6A.4.6R (4)* applies.

ICOBS 6A.4.10 R

A *firm* must not rely on the exception in *ICOBS 6A.4.8R* or *ICOBS 6A.4.9R* where it would still be in the *consumer's* best interests to provide the communication under *ICOBS 6A.4.5R*.

ICOBS 6A.4.11 G

An example of where it may be in the *consumer's* best interests to provide the communication is where the *consumer* has expressed dissatisfaction to the *firm* with the

quote provided.

ICOBS 6A.4.12 G

(1) Whether a *firm* has responsibility for communicating with the *consumer* under this section will depend on the *rules* in this sourcebook applicable to the relevant circumstances, and the language of relevant provisions in this section should be construed accordingly. See, for example, *ICOBS 6.-1* (Producing and providing product information), *ICOBS 6.1* (Providing product information to customers: general) and *ICOBS 6.5* (Renewals).

(2) Guidance on the application of these requirements to an *insurer* that is an *incoming firm* can be found at *ICOBS 1 Annex 1* (Part 2) 5.1R.

(3) Firms with *appointed representatives* are reminded that the effect of *s39(4)* of the *Act* is that where the *appointed representative* carries out the relevant activity, the *firm* must ensure that the *appointed representative* complies with the relevant provision (see *SUP 12.3.1G*).

Assessment of medical condition risk

ICOBS 6A.4.13 G

(1) *Firms* should assess the risk associated with medical conditions and calculate *medical condition premiums* by reference to reliable information that is relevant to the assessment of the risk. *Firms* which do not do this may communicate unclear, unfair or misleading price information to *consumers* and so risk breaching *Principle* 2, the *Consumer Duty*, and *ICOBS 2.2.2R* and/or *ICOBS 2.5.-1R*. *Firms* also need to consider their obligations under the *Equality Act 2010* and anti-discrimination legislation in Northern Ireland.

(2) *Firms* are also reminded of their obligations in *PROD 4.2* or *4.3* to identify and distribute *travel insurance policies* to the target market.

(3) Prior to a *firm* offering a *policy* with a very high *medical condition premium*, the *firm* should take all reasonable steps to consider whether:

1. (a) the nature of the medical screening or assessment process is insufficient to provide reliable information which is relevant to the assessment of the risk associated with the particular medical condition;
2. (b) the high premium is intended to indicate an unwillingness to accept the risk by the *insurer*; or
3. (c) the high premium is due to the medical condition falling outside of the *insurer's* risk appetite or the target market for the product.

(4)

Where this is the case, offering a quote may mislead the *consumer* and/or result in them not being treated honestly, fairly and professionally in their best interests. A *firm* should consider instead whether it would be more appropriate not to offer a quote for the risk, explain the reason/s why not to the *consumer* and provide them with the details of the *medical cover firm directory* under *ICOBS 6A.4.5R*.

Section : ICOBS 6A.5 Retail premium finance: disclosure and remuneration

Other requirements in the Handbook

ICOBS 6A.5.1 G This section does not affect the application of other requirements in the *FCA Handbook* applying to *firms* in relation to a *regulated credit agreement*.

Pre-contract information

ICOBS 6A.5.2 R In good time before the conclusion of a *policy* including on any *renewal*, a *firm* offering *retail premium finance* in relation to that *policy* must give the *customer*:

(1) price information about:

(a) the total cost of the policy if purchased without *retail premium finance*;

(b) the total cost of the *policy* with *retail premium finance* including costs of, or associated with, the *retail premium finance*; and

(c) any difference in the costs in (a) and (b),alongside each other;

(2) a description that the use of *retail premium finance* arrangements will be more expensive for the *customer* compared to paying for the *policy* upfront;

(3) details of any difference between the duration of the *policy* and that of the *retail premium finance*; and

(4) where the price information is presented on any basis other than annually, an explanation alongside that information of any difference between the total price to be paid by the *customer* when buying with or without *retail premium finance*.

ICOBS 6A.5.3 R The information in *ICOBS 6A.5.2R* must be communicated:

(1) in a way that is accessible and which draws the *consumer's* attention to it as key information; and

(2) in accordance with *ICOBS 4.1A*.

Active election

ICOBS 6A.5.4 G For the purposes of *ICOBS 6A.2.1R*, providing the *customer* with the choice between paying monthly or annually will not be sufficient to show the *customer* has made an active election to obtain the *retail premium finance*.

Premium finance related remuneration

ICOBS 6A.5.5 R A *firm* must not propose or arrange the use of any particular *retail premium finance* where that would be inconsistent with the *firm's* obligations in the *FCA Handbook*, including the *customer's best interest rule*, *SYSC 19F.2* or *CONC*.

ICOBS 6A.5.6 G (1) *Firms* are reminded of their obligations elsewhere in the *FCA Handbook* including:

1. (a)

Principles 1, 6 and the *Consumer Duty* to act with integrity, treat customers fairly and act to deliver good outcomes for *retail customers*;

2. (b)

Principle 8 to manage conflicts of interest fairly, both between itself and its *customers* and between a *customer* and another *client*. This principle extends to the *remuneration* a *firm* receives including soliciting or accepting inducements where this would conflict with a *firm's* duties to its *customers*;

3. (c)

conflicts of interest requirements in *SYSC 3.3* (for *insurers*) or *SYSC 10* (for *insurance intermediaries*);

4. (d)

the *customer's best interests rule*, and *SYSC 19F.2* to ensure remuneration arrangements do not conflict with their duty to comply with the *customer's best interests rule*.

(2)

An inducement is a benefit offered to a *firm*, or any *person* acting on its behalf, with a view to that *firm*, or that *person*, adopting a particular course of action. This can include, but is not limited to, cash, cash equivalents, commission, goods, hospitality or training programmes.

ICOBS 6A.5.7 G

(1) *Firms* should consider, at inception and then on a regular basis, their arrangements with providers or distributors of *retail premium finance* and whether they could give an incentive to act in a way that is inconsistent with the *customer's best interests rule* or otherwise could risk breaching any of the provisions referred to in *ICOBS 6A.5.6G* above. For example, a *firm's remuneration* arrangements should not provide an incentive to offer *retail premium finance* having greater costs to the *customer* (including a higher *APR*) where another *retail premium finance* arrangement, better aligned with the *customer's* interests, is available to the *firm* in the market.

(2) For the purposes of (1) a *firm* would be considering its arrangements with providers or distributors of *retail premium finance* on a regular basis where these arrangements are assessed as part of the *firm's* compliance with *PROD 4.2.35AR* (for a *manufacturer*) or *PROD 4.3.6AR* (for a *distributor*) to consider if these arrangements are consistent with providing fair value.

(3) When considering its arrangements with providers or distributors of *retail premium finance*, both before entering into any arrangement and on a regular basis, a *firm* should be able to demonstrate:

(a) how the arrangements provide a fair outcome for the *customer*; and

(b) why that arrangement was selected.

For example, where the *firm* receives a greater level of remuneration, whether through a higher commission rate or otherwise, compared to other arrangements available to it, including any monthly payment arrangement where the price to the *customer* is not greater than where the policy is sold on a standalone basis, it will need to demonstrate how this selection was consistent with the *customer's best interests rule*.

(4) Where the *remuneration firms* receive in relation to *retail premium finance* conflicts with the duty to comply with the *customer's best interests rule* they will need to take appropriate actions to address the situation including, where necessary, changing *retail premium finance* providers.

Section : ICOBS 6A.6 Cancellation of automatic renewal

Application

ICOBS 6A.6.1 R This section applies in relation to all *general insurance contracts* entered into with *consumers* which have an automatic *renewal* feature except for:

(1) private health or medical insurance; and

(2) pet insurance.

Purpose

ICOBS 6A.6.2 G The purpose of this section is to support the *Consumer Duty*, including the requirement to avoid causing foreseeable harm (*PRIN 2A.2.8R*) and the expectation that consumers do not face unreasonable barriers when they want to switch (*PRIN 2A.2.10G(5)(iii)*), by making it easier for *consumers* who wish to prevent their *policy* from automatically *renewing* to cancel this feature of their *policy*.

Requirement for a range of cancellation methods

ICOBS 6A.6.3 R A *firm* must provide a *consumer* with easy and accessible methods for cancelling the automatic *renewal* feature in the *consumer's* contract.

ICOBS 6A.6.4 R (1) The methods provided by a *firm* in accordance with *ICOBS 6A.6.3R* must include at least all the methods by which a *consumer* is able to purchase a new *policy* with the *firm*.

(2) A *firm* must consider the needs of its *customers* when determining what cancellation methods it provides.

ICOBS 6A.6.5 G An easy and accessible method for cancelling an automatic *renewal* feature is a method that does not place any unnecessary barriers on the *consumer* who uses it. Unnecessary barriers may include one or both of the following:

(1) unreasonably longer call waiting times to cancel the automatic *renewal* feature than to purchase a new *policy*; and/or

(2) unnecessary questions or steps before the *consumer* is able to confirm their instructions to cancel the automatic *renewal* feature.

Times a consumer may cancel

ICOBS 6A.6.6 R A *firm* must allow the consumer to exercise their right to cancel the automatic *renewal* feature:

(1) at the time the *consumer* purchases the *policy* and at any time during the duration of the *policy*; and

(2) free of charge.

Section : ICOBS 6A.7 Disclosure requirements for multi-occupancy buildings insurance

Application

ICOBS 6A.7.1 R This section applies in relation to a *multi-occupancy building insurance contract*.

Purpose

ICOBS 6A.7.2 G

(1) The purpose of this section is to:

(a) improve transparency in the *multi-occupancy building insurance contract* market; and

(b) enable *leaseholders* to receive clear and accessible information about the building insurance arrangements in connection with the building in which they are tenants to allow them to better understand:

(i) the scope of insurance cover in relation to that building; and

(ii) how any tenancy charges relating to the *multi-occupancy building insurance contract* have been incurred.

(2) The *rules* in *ICOBS 6A.7* require *firms* to produce disclosures to be provided to *leaseholders*. In the *FCA Handbook*, the term *leaseholders* will include any natural *persons* who are *policy stakeholders* or *policyholders*, who are acting outside of their trade or profession and who are liable to pay service charges in relation to tenancies for dwellings (in line with the Landlord and Tenant Act 1985) and, where relevant, a recognised tenants' association.

What information must be disclosed

ICOBS 6A.7.3 R

(1) As soon as reasonably practicable after the conclusion of a *multi-occupancy building insurance contract*, and upon any subsequent renewal, a *firm* must:

(a) give the *customer* the information specified in (2); and

(b) tell the *customer* to pass a copy of this information on promptly and in full to any *leaseholder* of the building in relation to which the *multi-occupancy building insurance contract* provides cover.

(2) The information in (1) must include:

(a) a summary of the cover (in accordance with *ICOBS 6A.7.5R*);

(b) pricing information (in accordance with *ICOBS 6A.7.6R*);

(c) remuneration information (in accordance with *ICOBS 6A.7.8R*);

(d) (for an *insurance intermediary*) placing and shopping around information (in accordance with *ICOBS 6A.7.11R*); and

(e) (for an *insurance intermediary*) conflicts of interest information (in accordance with *ICOBS 6A.7.14R*).

(3) Where the *firm* is in contact with, or has contact details for, a *leaseholder*:

(a) it may meet the requirements in (1) by instead providing the information directly to the *leaseholder*; and

(b) where it has been made aware that the *leaseholder* has not received any information in (2) from the *customer*, it must provide the *leaseholder* with that information.

ICOBS 6A.7.4 G The table in *ICOBS 6A.7.21R* sets out the responsibilities of *insurers* and *insurance intermediaries* in relation to which *firm* will be responsible for producing the information required by this section and which *firm* will be responsible for giving this information to the *customer*, or *leaseholder*, in order to meet *ICOBS 6A.7.3R(1)*.

Summary of the cover

ICOBS 6A.7.5 R The summary of the cover under *ICOBS 6A.7.3R(2)(a)* must include, where applicable, the following information:

(1) name of the *insurance undertaking* and its regulatory status;

(2) type of insurance;

(3) main risks insured;

(4) summary of excluded risks;

(5) the insured sum, together with:

(a) in the case of a flat, the amount for which the building containing it is insured under the *policy* and, if specified in the *policy*, the amount for which the flat is insured under it; and

(b) in the case of a dwelling other than a flat, the amount for which the dwelling is insured under the *policy*;

(6) excesses;

(7) term or duration of the *policy* including the start and end dates of the contract;

(8) exclusions where claims cannot be made; and

(9) significant features and benefits.

Pricing information

ICOBS 6A.7.6 R The pricing information required by *ICOBS 6A.7.3R(2)(b)* must set out the total *premium* for the *policy* and include:

(1) the amount of insurance premium tax;

(2) the amount of value added tax; and

(3) a breakdown of the *premium* at:

(a) (in the case of a flat) building level and (if specified in the *policy*) the flat; and

(b) (in the case of a dwelling that is not a flat) at dwelling level.

ICOBS 6A.7.7 R (1) For the purposes of *ICOBS 6A.7.6R(3)*, where a *firm* is unable to identify the specific amount of *premium* at building or dwelling level, the *firm* may provide an estimate of the breakdown of the *premium* for that building or dwelling.

(2) A *firm* relying on (1) must take reasonable care when producing the estimate to

ensure the *leaseholder* can rely upon the amount to understand the building or dwelling level *premium*.

Remuneration information

ICOBS 6A.7.8 R

The remuneration information required by *ICOBS 6A.7.3R(2)(c)* must include:

(1) the total *commission* that the *firm* and any *associate* receives; and

(2) any remuneration or other financial incentive offered or given by the *firm* to any third party, including the *freeholder* or anyone acting on their behalf, in particular where the *firm* knows, or should be reasonably aware, that the sum will be included in the amount a *leaseholder* would be liable to pay,

in connection with the *multi-occupancy building insurance contract*.

ICOBS 6A.7.9 R

The disclosure in *ICOBS 6A.7.8R* must be in cash terms (estimated, if necessary).

ICOBS 6A.7.10 G

The disclosure under *ICOBS 6A.7.8R* should include all forms of remuneration or financial incentive, that would or could be received by the *firm*, its *associates* or any third party, in connection with a *multi-occupancy building insurance contract*, whether before or after the conclusion of that *policy*. This would include arrangements for sharing profits or where the remuneration is contingent on future events such as payments that rely on certain targets being met.

Placement and shopping around information

ICOBS 6A.7.11 R

The information required by *ICOBS 6A.7.3R(2)(d)* must include:

(1) the number of alternative *policy* quotes the *firm* obtained from:

(a) the *insurance undertaking* with which the *multi-occupancy building insurance contract* was taken out; and

(b) any other *insurance undertaking(s)*; and

(2) an explanation of why the particular *multi-occupancy building insurance contract* taken out was consistent with the interests of both the *customer* and the *leaseholder*.

ICOBS 6A.7.12 R

In relation to the information in *ICOBS 6A.7.11R(1)*, a *firm* must, on request from a *customer* or a *leaseholder*, provide further details about the quotes it obtained.

ICOBS 6A.7.13 G

The explanation in *ICOBS 6A.7.11R(2)* may be adapted according to whether the *firm* provided a *personal recommendation* in relation to the *policy* or not. It would be expected that where a *personal recommendation* has been provided, the explanation will set out why the particular *policy* was presented as suitable for the *customer*, taking into account its level of cover and cost, and relevant exclusions, excesses, limitations and conditions. Whether or not the *policy* was taken out following the provision of advice to the *customer*, the explanation should provide sufficient detail to enable the *customer* and *leaseholder* to understand why the particular *policy* was proposed.

Conflicts of interest information

ICOBS 6A.7.14 R

The information required in *ICOBS 6A.7.3R(2)(e)* must include:

(1) whether the *firm* has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *insurance undertaking*;

(2) whether a given *insurance undertaking* or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and

(3) whether the *firm* is representing the *customer* or is acting for and on behalf of the *insurer*.

Providing required information under ICOBS 6A.7

ICOBS 6A.7.15 R

(1) The information required by *ICOBS 6A.7.3R* may be provided:

(a) in a standalone document; or

(b) in a combination of documents including documents provided to the *customer* for the purposes of other *ICOBS rules*.

(2) A *firm* must ensure that the information required by *ICOBS 6A.7.3R*, in particular when presented in a combination of documents, is:

(a) clear, fair and not misleading;

(b) accessible and easy to understand for *leaseholders*; and

(c) sufficiently prominent and clearly identifiable as containing key information that the *leaseholder* should read (individually and when the documents are taken together).

ICOBS 6A.7.16 G

(1) When determining the format in which the *firm* will provide the information for the purposes of *ICOBS 6A.7.15R*, a *firm* should consider what a *leaseholder* needs in order to understand the relevance of any information provided by the *firm*.

(2) In order to provide the information required in *ICOBS 6A.7.3R*, a *firm* may rely, at least in part, on the content in existing documents that are provided to the *customer* to meet disclosure requirements elsewhere in *ICOBS*, for example the *IPID* or *policy summary*, which include that information.

Means of communication

ICOBS 6A.7.17 R

(1) The information in *ICOBS 6A.7* must be given on paper or another *durable medium* in accordance with *ICOBS 4.1A* (Means of communication to customers).

(2) A *firm* must use reasonable endeavours to ensure any election of the medium in which the information is to be provided is appropriate for the *leaseholders* receiving the information.

Receiving and responding to queries from customers and leaseholders

ICOBS 6A.7.18 R

Where a *firm* is contacted by a *customer* or *leaseholder* in relation to the information required to be provided by any of the *rules* in *ICOBS 6A.7*, it must:

(1) respond promptly; and

(2) provide good outcomes-focused support that is appropriate given the nature of the query, including by providing:

(a) an appropriate level of information to meet their needs;

(b) information that is:

(i) clear, fair and not misleading; and

(ii) accessible and easy to understand; and

(c) the information required under *ICOBS 6A.7.3R* where this has not been passed on to a *leaseholder*.

ICOBS 6A.7.19 G

(1) When considering the good outcomes in *ICOBS 6A.7.18R(2)* in relation to a query from a *leaseholder*, a *firm* should consider the purpose of the *policy* and the interests of the *leaseholders*.

(2) Where the *firm* receiving the query considers that another *firm* is better placed to provide a response (for example, due to that other *firm* having been responsible for producing the information to which the query relates), it should take all reasonable steps to refer the query to that other *firm* and reasonably support the *leaseholder* in obtaining a response.

(3) Where a *firm* receives a query from a *leaseholder*, it should not create or rely on unreasonable barriers to responding to that query. In particular, where the *leaseholder* asserts that it has not received the information in *ICOBS 6A.7.3R*, *ICOBS 6A.7.3R(3)* requires the *firm* to provide this information proactively, and not wait to be asked for it or refer the *leaseholder* to the *customer*. This includes providing the information to the *leaseholder* regardless of whether a *customer* is purporting to withhold consent to the required information being passed to a *leaseholder*.

Production and provision of information: responsibilities of insurers and insurance intermediaries

ICOBS 6A.7.20 R

Where a *firm* is responsible for producing information required by the *rules* in *ICOBS 6A.7* as set out in *ICOBS 6A.7.21R* but is not in contact with the *customer* (or its representative), it must provide that information to the relevant *insurance intermediary* in contact with the *customer*.

ICOBS 6A.7.21 R

The table in this *rule* sets out the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this section in order to meet *ICOBS 6A.7.3R(1)*.

Requirement	Item of disclosure	Production	Providing to customer
ICOBS 6A.7.3R(2)(a)	Summary of the cover	*Insurer*	*Firm* in contact with *customer*
ICOBS	Pricing	*Insurer*	*Firm* in contact

Requirement	Item of disclosure	Production	Providing to customer
6A.7.3R(2)(b)	information		with *customer*
ICOBS 6A.7.3R(2)(c)	Remuneration information	Any *insurance intermediary* involved with the distribution	*Firm* in contact with *customer*
ICOBS 6A.7.3R(2)(d)	Placing and shopping around information	*Insurance intermediary* in contact with the *customer*	*Firm* in contact with *customer*
ICOBS 6A.7.3R(2)(e)	Conflicts of interest information	*Insurance intermediary*	*Firm* in contact with *customer*

Responsibilities of insurers and insurance intermediaries in certain situations

ICOBS 6A.7.22 R

The table in this *rule* modifies the *rule* in *ICOBS 6A.7.21R* on the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this section.

	Situation	Insurance intermediary's responsibility	Insurer's responsibility
(1)	*Insurance intermediary* operates from an establishment in the *United Kingdom* or Gibraltar *Insurer* or *insurance undertaking* does not operate from an establishment in the *United Kingdom* or Gibraltar	Production and providing	None
(2)	*Insurance intermediary* does not operate from an establishment in the *United*	None	Production and providing

	Situation	Insurance intermediary's responsibility	Insurer's responsibility
	Kingdom or Gibraltar; or where the distribution is carried on by a *person* that is not *authorised* or an *authorised professional firm* carrying on *non-mainstream regulated activities* *Insurer* operates from an establishment in the *United Kingdom* or Gibraltar		
(3)	*Insurance intermediary* does not operate from an establishment in the *United Kingdom* or Gibraltar *Insurer* or *insurance undertaking* does not operate from an establishment in the *United Kingdom* or Gibraltar	The *firm* with the contact with the *customer* has the responsibility for production and/or provision	The *firm* with the contact with the *customer* has the responsibility for production and/or provision

CHAPTER

ICOBS 6B Home insurance and motor insurance pricing

Section : ICOBS 6B.1 Application and purpose

What?

ICOBS 6B.1.1 R

This chapter applies where a *firm* carries out any of the following activities in relation to a *home insurance* or *motor insurance policy* or any related *additional product* sold to a *consumer*:

(1) setting the *renewal price*; or

(2) setting the price for any *additional product* offered to the *customer* at *renewal*; or

(3) determining the level of *remuneration*, including in particular any *fees* earned by the *firm* when distributing a product at *renewal*.

ICOBS 6B.1.2 R

This chapter also applies where a *home insurance* or motor insurance policy is sold on a subscription basis and at any point during the lifetime of the *policy*, the *firm* increases the price of the *policy*.

ICOBS 6B.1.2A R

This chapter also applies where:

(1) a *firm* carries out *insurance distribution activities* at *renewal*; and

(2) the *firm* either:

(a) forgoes commission in whole or in part when selling to a *new business customer*; or

(b) offers cash or cash-equivalent incentives within the meaning of *ICOBS 6B.2.12R* to *new business customers*.

Exclusions

ICOBS 6B.1.3 R

This chapter does not apply to *group policies* where these include, or are sold alongside, *home insurance* or *motor insurance* products.

Purpose

ICOBS 6B.1.4 G

The *rules* in this chapter:

(1) promote competition through ensuring *consumers* have a realistic picture of the long-term cost of their chosen product when purchasing it and incentivising *firms* to compete for *consumer* business on this basis; and

(2) protect *consumers* through ensuring that they are placed in a position where they can understand the long-term cost of their product.

ICOBS 6B.1.5 G

The *rules* in this chapter are not intended to affect how risk is priced for *home insurance* and *motor insurance*.

Section : ICOBS 6B.2 Setting renewal prices

Renewal price

ICOBS 6B.2.1 R

1. A *firm* must not set a *renewal price* that is higher than the *equivalent new business price*.

2. Paragraph (1) applies at the point the *renewal* notice is prepared.

Combined home and motor insurance packages

ICOBS 6B.2.2 R

In the case of a combined *home insurance* and *motor insurance* package, the *renewal price* for each of the following must be no higher than the *equivalent new business price*:

(1) the *home insurance* element;

(2) the *motor insurance* element; and

(3) the bundled price for the package.

Net-rated business

ICOBS 6B.2.3 G

ICOBS 6B.2.1R does not distinguish between *firms* writing *gross-rated business* or *net-rated business*. *Insurers* or *managing agents* writing *net-rated business* should apply the *rules* in this section to arrive at a *net-rated price* which is the *equivalent new business price* on a *net-rated price* basis.

Renewal price of retail premium finance

ICOBS 6B.2.4 G

Where a *customer* pays for their *policy* through *retail premium finance*, the *renewal price* of the *policy* should be set in accordance with *ICOBS 6B.2.1R* and the renewal price for the *retail premium finance* should be set in accordance with *ICOBS 6B.2.37R*.

Assumptions regarding channel used by customer

ICOBS 6B.2.5 R

(1) In determining the *equivalent new business price*, a *firm* must assume that the existing customer has approached the firm through the same *channel* as they used when they first purchased their *policy*.

(2) Where the *firm* no longer accepts new business through the *channel* that the *customer* originally used to purchase the *policy*, or where the *channel* can no longer be identified, the *firm* must assume that the *customer* approached the *firm* through the *channel* most commonly used by *new business customers* of the *firm*.

(3) If the *customer* used more than one *channel* when they first purchased their *policy*, the *firm* must determine the *equivalent new business price* using the channel or combination of *channels* that was used to determine the price of the *customer's policy* at new business.

ICOBS 6B.2.6 G

For the purposes of the assumptions in I*COBS 6B.2.5R*, a *firm* should treat each intermediary chain, price comparison website or *affinity/partnership scheme* through which it sells *policies* as a separate *channel*.

ICOBS 6B.2.7 R

(1) A *firm* may calculate the *equivalent new business price* on the basis that the *customer* is using a different *channel* than they used when they first purchased their *policy* where:

(a) the *customer* has agreed to take out a different product to the one they took out in the last insurance period;

(b) the product the *customer* is taking out is most frequently purchased via a different *channel* to the one the *customer* used to take out their original product; and

(c) it is in the *customer's* best interests to take out the new product.

(2) Where a firm calculates the *equivalent new business price* according to (1), it must assume that the *customer* approached the *firm* using the *channel* that the product is most frequently purchased through.

Changing to a different policy with the same firm at renewal

ICOBS 6B.2.8 G

(1) Where a *firm* offers a *customer* a different product at *renewal* the *firm* should be able to demonstrate how it has met:

(a) the *rules* in *ICOBS 5.2* (Demands and needs); and

(b) *ICOBS 2.5.-1R* (customer best interests).

(2) *Firms* are reminded that *ICOBS 5.2* includes requirements for a *firm*, before conclusion of any *contract of insurance*, to

(a) specify, on the basis of information obtained from the *customer*, the demands and needs of the *customer*; and

(b) ensure that any *contract of insurance* proposed is consistent with the *customer's* insurance demands and needs.

Before proposing a different product at *renewal*, a *firm* will need to take all necessary steps to meet these requirements which may include contacting the *customer* and obtaining all necessary information from that *customer* so the *firm* can conduct a demands and needs assessment.

(3) A *firm* should not offer or propose a different product to the *customer* at *renewal* if:

(a) the different product is more commonly *distributed* through a more expensive channel than the *channel* or *channels* the *customer* originally approached the *firm* through; and

(b) the primary purpose of *distributing* the alternative product is to enable the *firm* to charge the *customer* a higher *renewal price*.

Incentives

ICOBS 6B.2.9 R

When calculating the *equivalent new business price*, a *firm* must include any cash or cash-equivalent incentives that it gives to *new business customers* and that the *renewing customer* would be eligible for if they were a *new business customer*.

ICOBS 6B.2.10 R

(1) *ICOBS 6B.2.9R* applies to any cash or cash-equivalent incentive that is wholly or partially funded by the *firm*.

(2) For the purposes of (1), it does not matter if the incentive is funded directly by the *firm* or if the *firm* provides funding to a third party contingent on that third party providing an incentive to the *customer*.

ICOBS 6B.2.11 R Incentives that are not cash or cash-equivalent are excluded from the scope of these rules.

ICOBS 6B.2.12 R A cash or cash-equivalent incentive is any incentive that can be readily expressed as having a monetary value including, but not limited to, the items listed in column 1 of the table at *ICOBS 6B.2.14R*.

ICOBS 6B.2.13 R Non-cash incentives are any incentives that are not capable of being readily expressed as having a definite monetary value.

ICOBS 6B.2.14 R The following table gives examples of cash and non-cash incentives for the purposes of *ICOBS 6B.2.12R* and *ICOBS 6B.2.13R*.

Cash or cash-equivalent incentives	Non-cash incentives
A percentage discount on the premium	Toys
A monetary discount on the premium	Carbon off-setting
Part of the insurance term given for free (e.g. one month free)	A percentage chance to win back the premium
A free *additional product*	
Cashback	
Retail vouchers	
Points in a retail loyalty scheme	

ICOBS 6B.2.15 G *Firms* are reminded that the *Consumer Duty* and *ICOBS 2.2.2R* apply to the communication of incentives in the same way as they apply to all communications with their *customers*. *Firms* should present incentives in a way that makes clear both the overall price of the product, not including the incentive, and (if different) the price the *customer* will actually pay.

New business discounts

ICOBS 6B.2.16 R The *equivalent new business price* must take account of any individually negotiated discounts the *firm* agrees with an equivalent *new business customer* for the product.

ICOBS 6B.2.17 G In taking account of individually negotiated discounts agreed with *new business customers*, a *firm* should be able to demonstrate that:

(1) the *equivalent new business price* does not discriminate on grounds of *tenure* contrary to *ICOBS 6B.2.40R*; and

(2) the *firm* has taken account of the best interests of its *customers* (*ICOBS 2.5.-1R*) in determining its method for calculating the *equivalent new business price* in

compliance with *ICOBS 6B.2.16R*.

Calculating the equivalent new business price - missing information

ICOBS 6B.2.18 G

(1) Where a *firm* does not have the same information for an existing *customer* as it has when quoting for a *new business customer*, it may determine its own approach to how it takes account of any missing information when calculating the *equivalent new business price*.

(2) Examples of situations where a *firm* may have missing information when calculating the *equivalent new business price* are:

(a) where the *firm* uses behavioural factors in calculating the price a *new business customer* pays, such as the length of time between the quote and the inception date; and

(b) where a *firm* has changed the information it obtains from *new business customers* when providing a quote.

(3) *Firms* are reminded that where factors such as those described in (2) are taken into account in determining the *renewal* price, they must still be able to demonstrate compliance with:

(a) the requirement to not discriminate on grounds of *tenure* in *ICOBS 6B.2.40*R; and

(b) the requirements to provide fair value in relation to *non-investment insurance contracts* in *PROD 4.2.14AR* and, where relevant, *PROD 4.2.14BR*.

Calculating the equivalent new business price - information acquired during the term of the customer's current policy

ICOBS 6B.2.19 R

(1) A *firm* must include in its determination of a *customer's equivalent new business price* any risk information acquired during the term of the customer's current *policy* that has the effect of either increasing or decreasing the *equivalent new business price*.

(2) Paragraph (1) includes risk information that the *firm* would not normally have in relation to *new business customers*, such as telematics data or fraud risk indicators.

Changes to contractual parties

ICOBS 6B.2.20 G

A *firm* only needs to comply with the rules in this chapter where it *arranged* the contract or was a party to the contract with the *customer* in the previous year. For example, where an *intermediary* operates a panel of *insurers* and re-brokes the *customer's* insurance to another member of the panel, the *customer* should be treated as a *renewal* by the *intermediary* but a *new business customer* by the *insurer* who did not underwrite the *customer's policy* in the previous year.

Subscription policies

ICOBS 6B.2.21 R

Where a *firm* increases the price of a *policy* sold on a subscription basis, it must apply the *rules* in this chapter on setting a *renewal price*.

ICOBS 6B.2.22 R A *firm* that sells *policies* on a subscription basis must review the pricing of their subscription *policies* at least annually.

ICOBS 6B.2.23 R The annual review must assess whether the price of the *policy* sold on a subscription basis is no higher than the *equivalent new business price*.

ICOBS 6B.2.24 G The *rules* in this chapter do not require a *firm* selling *policies* on a subscription basis to back date any price reductions that the *firm* may implement as the result of any review under *ICOBS 6B.2.21R*.

Closed books

ICOBS 6B.2.25 R Where a *customer's policy* is in a *closed book*, the *firm* must determine the *customer's equivalent new business price* according to the following *rules*.

ICOBS 6B.2.26 R The *firm* must identify from the *home insurance* and *motor insurance* products that it currently actively markets or *distributes*, whether it has a *home insurance* or *motor insurance* product that is a *close matched product*.

ICOBS 6B.2.27 R Where the *firm* no longer actively markets or distributes any *home insurance* or *motor insurance* product which is a *close matched product* but it is part of a *group* which does actively market or distribute *home insurance* or *motor insurance* products, it must identify whether the *firm's group* actively markets or distributes a *close matched product*.

ICOBS 6B.2.28 R Where there is more than one product which is a *close matched product*, the *firm* must select:

(1) the *close matched product* which is the most similar to the *customer's* existing *policy*; or

(2) where it is not possible to identify the most similar *close matched product*, the *close matched product* which will lead to the most favourable pricing outcome for *customers* who hold a *policy* in the *closed book*.

ICOBS 6B.2.29 R Where a *close matched product* is identified or selected, the *equivalent new business price* for a *customer* in the relevant book is the price set out in (1), taking account of the permitted adjustments set out in (2) below.

(1) The *equivalent new business price* for the *close matched product*.

(2) The permitted adjustments are those which fairly and proportionately reflect the difference in costs for the *firm* arising from differences between the cover or benefits (including any compulsory excess) or other costs of providing services or benefits under the contract (such as additional telephone support) provided by the *policies* in the *closed book* and the *close matched product*.

ICOBS 6B.2.30 R In calculating the *equivalent new business price* for a *close matched product*, a *firm* must assume that the *customer* approached the *firm* using the *channel* most commonly used by

new business customers of the *close matched product*.

ICOBS 6B.2.31 R

A *firm* must set the *renewal* price in accordance with *ICOBS 6B.2.39R* if either (1) or (2) apply:

(1) the *firm* is unable to identify a product which is a *close matched product*; or

(2) the *firm* is unable to determine an *equivalent new business price* because the *firm* would not offer a *policy* to a *new business customer* of the same risk profile as the existing *customer*.

ICOBS 6B.2.32 R

A *firm* must assess whether any of its *home insurance* or *motor insurance* products are in *closed books*:

(1) at least annually; and

(2) whenever the *firm* makes a material change to the distribution or marketing of the product that could change the book from being an open book to a *closed book*.

ICOBS 6B.2.33 G

(1) The calculation of whether a book meets the *closed book* definition should be carried out on the basis of the product as a whole across all the *channels* used by the *firm* for distribution of the product.

(2) A *firm* should apply the definition on the basis of its own book of business, without reference to other *firms* involved in *distributing* or underwriting the product. This means:

(a) an *insurer* should apply the *closed book* definition only to those products that it underwrites; and

(b) an *insurance intermediary* should apply the *closed book* definition only to those products which it has *distributed*.

Intermediaries' remuneration and involvement in setting price

ICOBS 6B.2.34 R

An *insurance intermediary* that is involved in the setting of any portion of the *renewal price* of the *policy* must ensure that the portion they set or their contribution to that portion is set at a level that is no higher than it would be set for a *new business customer*.

ICOBS 6B.2.35 R

An *insurance intermediary* that carries out *insurance distribution activities* at *renewal* and which either:

(1) forgoes commission in whole or in part when selling to *new business customers*; or

(2) offers a cash or cash-equivalent incentive (within the meaning of *ICOBS 6B.2.12R*) to *new business customers*,

must, to the extent that a *customer* renewing a *policy* would be eligible to benefit from the commission forgone or the cash or cash-equivalent incentive if they were a *new business customer*, include that forgone commission or cash or cash-equivalent incentive when:

(1) determining the *equivalent new business price* at *renewal*; and

(2) applying *ICOBS 6B.2.9R* to *ICOBS 6B.2.15G*.

Additional products

ICOBS 6B.2.36 R

A *firm* that has responsibility for setting the price of an *additional product* that is available to a *customer* in connection with a *home insurance* or *motor insurance policy* must ensure that the price of the *additional product* at *renewal* is no higher than the price at which the *additional product* would be offered to the *customer* if they were a *new business customer*.

ICOBS 6B.2.37 G

Where the *additional product* is *retail premium finance*, the price referred to in *ICOBS 6B.2.36R* is the *APR* if the *retail premium finance* is a *regulated credit agreement* or in all other cases the amount paid by the *customer* for *retail premium finance* for the amount of premium to be financed by the *retail premium finance*.

ICOBS 6B.2.38 R

Where a *firm* no longer offers to *new business customers* an *additional product* which is available to a *customer* in connection with the *renewal* of a *home insurance* or *motor insurance policy*, the price for that *additional product* must be set as follows:

(1) where the *additional product* is a *policy*, the *firm* must:

(a) apply the rules for *closed books* in *ICOBS 6B.2.25R* to *ICOBS 6B.2.33G* (and references in these rules to *home insurance* or *motor insurance* should be read as '*additional product*'); or

(b) if the *additional product* has no *close matched product*, apply *ICOBS 6B.2.39R*;

(2) where the *additional product* is not a *policy*, the *firm* must apply *ICOBS 6B.2.39R*.

Firms' assurance over customer outcomes

ICOBS 6B.2.39 R

A *firm* must ensure that it does not systematically discriminate against *customers* based on their *tenure*, when determining:

(1) an *equivalent new business price*;

(2) the *renewal price* for *customers* in *closed books* where a *firm* is unable to identify a *close matched product*;

(3) the price for any *additional products* offered to the *customer* at *renewal* of a *policy*; and

(4) the level of any *remuneration* earned by the *firm*, including in particular any *fees* charged to a *customer*, at *renewal* of a *policy*.

ICOBS 6B.2.40 E

(1) A *firm's equivalent new business price* for *customers* of longer *tenure* should not systematically exceed the new business price for *new business customers*.

(2) A pricing model used by the *firm* to determine the *equivalent new business price*, or *renewal* prices for *customers* in *closed books* where a *firm* is unable to identify a *close matched product*, should not generate prices which are systematically higher the longer a *customer's tenure* is.

(3) A *firm's renewal price* for *customers* of longer *tenure*, or the price for any *additional products* offered to *customers* of longer *tenure* at *renewal* of a *policy*, should offer fair value to the *customer* taking account of the prices offered to

customers of shorter *tenure*. In particular, a *firm* should avoid the following outcomes:

(a) the price of any of the following materially exceeding the new business price which a *customer* of longer *tenure* would pay to obtain the cover and/or benefits offered by the product if the *customer* were to shop around as a *new business customer* approaching another *firm* or *firms*:

(i) the *firm's renewal price* for *customers* in a *closed book* where no *close matched product* is identified;

(ii) the *firm's* price for any *additional product* offered at *renewal* where that *additional product* is a *policy* and no *close matched product* is identified; or

(iii) the *firm's* price for any *additional products* offered at *renewal* where the *additional product* is not a *policy* and is no longer available to *new business customers*;

(b) the quality of service or cover enjoyed by *customers* of longer *tenure* is lower than that enjoyed by *customers* of shorter *tenure* for the same product; and

(c) relevant and appropriate value measures, or the *gross incurred claims ratio*, for *policies* held by *customers* of longer *tenure* indicate that the value provided by these *policies* is lower than that for *policies* held by *customers* of shorter *tenure*.

(4) A *firm* should not systematically charge higher *fees* to a *customer* who is *renewing* a *policy* than to a *new business customer*.

(5) A *firm* should not selectively close individual *channels* in order to take advantage of the premium difference between *channels* when setting an *equivalent new business price*.

(6) A *firm* should not fund an incentive offered by a third party in a way that results in the *equivalent new business price* systematically exceeding the new business price actually paid by *new business customers* who receive the incentive.

(7) Contravention of any of (1) to (6) may be relied on as tending to establish contravention of *ICOBS 6B.2.39R*.

ICOBS 6B.2.41 G

When comparing a *firm's* new business price with the *renewal price* for individual *customers*, we would not expect to see that the longer a *customer's tenure* is, the greater the difference between:

(1) in the case of an *insurer*, the risk price and the *net-rated price* or *gross price*; or

(2) in the case of an *intermediary*, the *net-rated price* and the *gross price*.

ICOBS 6B.2.42 R

A *firm* must not make arrangements that are designed to enable it to treat existing *customers* as *new business customers* unless:

(1) the *firm* can demonstrate that the proposed arrangements are in the best interests of the *customers* that will be treated as *new business customers* under the arrangements; and

(2) the price of the products distributed to these *customers* does not adversely impact on the product offering fair value according to *PROD 4.2.14AR* and, where relevant, *PROD 4.2.14BR*.

ICOBS 6B.2.43 E

A *firm* should not participate in or carry out any of the following steps where the primary impact on existing *customers* affected by the steps is to increase the price these *customers* pay for their product:

(1) establish a new entity or entities (whether this is done by the *firm* or a member of its *group*) that will be responsible for arranging polices for existing *customers* at *renewal*;

(2) transfer the business of existing *customers* to existing entities in the *group* or existing subsidiaries; and

(3) sell to existing *customers* at *renewal* a product that is only superficially different from the *customer's* current product.

Contravention of any of (1) to (3) may be relied upon as tending to establish contravention of *ICOBS 6B.2.42R* and *ICOBS 2.5.-1R*.

ICOBS 6B.2.44 R

It is not a contravention of *ICOBS 6B.2.39R* or *ICOBS 2.5.-1R* for a *firm* to offer a *customer* a *renewal price* that is lower than the *equivalent new business price* based on any factor, including the *customer's tenure*.

Notifications to the FCA

ICOBS 6B.2.45 R

A *firm* must notify the *FCA* if it becomes aware that any other *firm* in the distribution chain is not or may not be complying with the *rules* in this chapter.

ICOBS 6B.2.46 G

Under *Principle 11*, *firms* should notify the *FCA* of any change in their pricing model where there is a material risk of harm for *customers*.

Sales practices

ICOBS 6B.2.47 R

When communicating a *renewal price* to *customers*, or when contacted by *customers* to discuss a *renewal price*, a *firm* must not systematically discriminate against *customers* based on *tenure*.

ICOBS 6B.2.48 R

When communicating a price for any *additional product* at renewal of the *policy*, or when contacted by *customers* to discuss the prices of *additional products* at *renewal* of their *policy*, a *firm* must not systematically discriminate against *customers* based on *tenure*.

ICOBS 6B.2.49 E

(1) A *firm* should not communicate with a *customer* of longer *tenure* in a manner which is objectively likely to discourage a customer of longer tenure from shopping around for an alternative *policy* offered by another *firm*.

(2) A *firm* should not communicate with *customers* of longer *tenure* with the intent, or in a way that might reasonably be expected to have the effect, that these *customers*

are less likely than other *customers* to contact the *firm* to negotiate the *renewal price* of the *policy*.

(3) A *firm* should not interact with *customers* of longer *tenure* with the intent or the effect that these *customers* are more likely than other *customers* to accept the *renewal price* of the *policy*.

(4) Contravention of any of (1) to (3) may be relied on as tending to establish contravention of *ICOBS 6B.2.47R* or *ICOBS 6B.2.48R*.

ICOBS 6B.2.50 G Where a *firm* has communicated a *renewal price* to a *customer* in compliance with the *rules* in this chapter, a *firm* may subsequently agree a discount to a *renewal price* in individual negotiations with the *customer*.

Records

ICOBS 6B.2.51 R A *firm* must make and retain written records of how it continues to satisfy itself that it does not systematically discriminate against *customers* based on *tenure* in contravention of *ICOBS 6B.2.39R* including details of:

(1) the assessment undertaken by the *firm* to evaluate whether the *equivalent new business price* for *customers* of longer *tenure* systematically exceeds that for *new business customers*;

(2) the controls put in place by the *firm* to ensure that any pricing model it uses to generate its *equivalent new business prices*, or the *renewal prices* for *customers* in *closed books* where a *firm* is unable to identify a *close matched product*, does not generate prices which are systematically higher the longer a *customer's tenure* is;

(3) the evidence gathered and the assessment undertaken by the *firm* to evaluate whether its renewal prices or prices for *additional products* at *renewal* offer fair value to *customers* of longer *tenure*;

(4) the assessment undertaken by the *firm* to evaluate whether the *fees* it charges to *customers* of longer *tenure* systematically exceed those charged to *new business customers*; and

(5) any appropriate independent oversight of the assessments and controls in (1), (2), (3) and (4).

ICOBS 6B.2.52 R A *firm* must make and retain written records of how it satisfies itself that any arrangements it makes to enable it to treat existing *customers* as *new business customers* are consistent with *ICOBS 6B.2.39R*, including details of:

(1) the assessment it has undertaken to assure itself that the *customer* best interests rule in *ICOBS 2.5.-1R* is met; and

(2) the assessment it has undertaken of the likely effect of the arrangements on the price *customers* will pay for their product after the arrangements have taken effect as compared to the price *customers* would pay if the arrangements did not take effect.

ICOBS 6B.2.53 R A *firm* must also make and retain written records of its consideration of the extent to which

material decisions which it takes in relation to its compliance with the *rules* in this chapter are consistent with:

(1) the objectives of these *rules* as set out in *ICOBS 6B.1.4G*;

(2) the requirement not to discriminate against *customers* based on tenure in *ICOBS 6B.2.39R*, *ICOBS 6B.2.47R* and *ICOBS 6B.2.48R*; and

(3) the requirements in *ICOBS 6B.2.42R* around making arrangements to treat existing *customers* as *new business customers*.

ICOBS 6B.2.54 R

The records in *ICOBS 6B.2.51R* and *ICOBS 6B.2.52R* must set out clearly:

(1) the basis on which the *firm* is complying with the *rules* in this chapter;

(2) how the *firm* has resolved any areas of discretion, ambiguity or potential uncertainty in its determination that the pricing of its *home insurance* and *motor insurance renewal* business, including *additional products* available to *customers* in connection with this business, is in compliance with the *rules* in this chapter; and

(3) appropriate expert input and advice on which the *firm* relies in satisfying itself as to its compliance with the *rules* in this chapter.

ICOBS 6B.2.55 G

The material decisions referred to in *ICOBS 6B.2.53R* include, but are not limited, to:

(1) launching, discontinuing or materially varying any aspect of a product which is, or could be, relevant to setting an *equivalent new business price*;

(2) taking action which would result in a book becoming a *closed book* for the purposes of the *rules* in this chapter;

(3) identifying or selecting a *close matched product* or determining that it is not possible to identify a *close matched product*;

(4) making any adjustments to the *equivalent new business price* for a *close matched product* as a result of applying the assumptions in *ICOBS 6B.2.29R* and *ICOBS 6B.2.30R*;

(5) making changes to the *firm's* business structure or to the business structure of a *firm's group* to the extent that this may affect the basis on which an *equivalent new business price* is set;

(6) determining the *firm's* approach to ensuring that it does not systematically discriminate against *customers* based on their *tenure* in accordance with *ICOBS 6B.2.39R*, *ICOBS 6B.2.43*R and *ICOBS 6B.2.44R*; and

(7) arranging for another entity or entities to offer the *renewal* product to the *customer*.

ICOBS 6B.2.56 G

(1) The following are examples of the types of records that *firms* should retain under *ICOBS 6B.2.51R* to *ICOBS 6B.2.53R*:

(a) records of minutes of any pricing committee;

(b) any analysis showing whether similar *customers* face different pricing outcomes;

(c) where the *firm's* data indicates any potential issues under *ICOBS 6B.2.40*R, any analysis demonstrating that the *firm* has not discriminated against *customers* of longer *tenure*.

ICOBS 6B.2.58 G *Firms* are reminded of their obligations under *SYSC 3.2.20R* and *SYSC 9.1.1R* in relation to the keeping of records and the guidance in *SYSC 3.2.21G* and *SYSC 9.1.5G* regarding the nature of the systems and controls a *firm* should have in place and the general principle that records should be retained for as long as is relevant for the purposes for which they are made.

Policies and procedures

ICOBS 6B.2.59 G A *firm* should have in place policies and procedures to ensure its ongoing compliance with the *rules* in this chapter following any material changes to the *firm's* pricing practices, pricing models or products which could affect a *firm's* compliance with rules in this chapter or fair outcomes for *customers* of longer *tenure*.

CHAPTER

ICOBS 7 Cancellation

Section : ICOBS 7.1 The right to cancel

The right to cancel

ICOBS 7.1.1 R

A *consumer* has a right to cancel, without penalty and without giving any reason, within:

(1) 30 *days* for a *contract of insurance* which is, or has elements of, a *pure protection contract* or *payment protection contract*; or

(2) 14 *days* for any other *contract of insurance* or *distance contract*.

[**Note**: article 6(1) of the *Distance Marketing Directive* in relation to a *distance contract* and article 186 of the *Solvency II Directive* in relation to a *pure protection contract*]

ICOBS 7.1.2 G

A *firm* may provide longer or additional cancellation rights voluntarily, but if it does these should be on terms at least as favourable to the *consumer* as those in this chapter, unless the differences are clearly explained.

Exceptions to the right to cancel

ICOBS 7.1.3 R

The right to cancel does not apply to:

(1) a travel and baggage *policy* or similar short-term *policy* of less than one *month's* duration;

(2) a *policy* the performance of which has been fully completed by both parties at the *consumer's* express request before the *consumer* exercises his right to cancel;

(3) a *pure protection contract* of six *months*' duration or less which is not a *distance contract*;

(4) a *pure protection contract* effected by the trustees of an *occupational pension scheme*, an employer or a *partnership* to secure benefits for the *employees* or the *partners* in the *partnership*;

(5) a *general insurance contract* which is neither a *distance contract* nor a *payment protection contract*, sold by an intermediary who is an *unauthorised person* (other than an *appointed representative*); and

(6) a *connected contract* which is not a *distance contract*.

[**Note**: articles 6(2)(b) and (c) of the *Distance Marketing Directive* and article 186(2) of the *Solvency II Directive*]

ICOBS 7.1.4 G

A 'similar short-term *policy*' is any *policy* where the event or activity being insured is less than one *month's* duration. 'Duration' refers to the period of cover rather than the period of the contract.

Start of the cancellation period

ICOBS 7.1.5 R

The cancellation period begins either:

(1) from the day of the conclusion of the contract, except in respect of a *pure protection contract* where the time limit begins when the *customer* is informed that the contract has been concluded; or

(2) from the day on which the *consumer* receives the contractual terms and conditions and any other pre-contractual information required under this sourcebook, if that is later than the date referred to above.

[**Note**: article 186(1) of the *Solvency II Directive* and article 6(1) of the *Distance Marketing Directive*]

Exercising a right to cancel

ICOBS 7.1.6 R If a *consumer* exercises the right to cancel he must, before the expiry of the relevant deadline, notify this following the practical instructions given to him. The deadline shall be deemed to have been observed if the notification, if on paper or another *durable medium*, is dispatched before the deadline expires.

[**Note**: article 6(1) and (6) of the *Distance Marketing Directive*]

Section : ICOBS 7.2 Effects of cancellation

Termination of contract

ICOBS 7.2.1 R

By exercising the right to cancel, the *consumer* withdraws from the contract and the contract is terminated.

Payment for the service provided before cancellation

ICOBS 7.2.2 R

(1) When a *consumer* exercises the right to cancel he may only be required to pay, without any undue delay, for the service actually provided by the *firm* in accordance with the contract.

(2) The amount payable must not:

(a) exceed an amount which is in proportion to the extent of the service already provided in comparison with the full coverage of the contract; and

(b) in any case be such that it could be construed as a penalty.

(3) A *firm* must not require a *consumer* to pay any amount:

(a) unless it can prove that the *consumer* was duly informed about the amount payable; or

(b) if it commenced the performance of the contract before the expiry of the cancellation period without the *consumer's* prior request.

(4) A *consumer* cannot be required to pay any amount when exercising the right to cancel a *pure protection contract*.

(5) A *consumer* cannot be required to pay any amount when exercising the right to cancel a *payment protection contract* unless a claim is made during the cancellation period and settlement terms are subsequently agreed.

[**Note**: article 7(1), (2) and (3) of the *Distance Marketing Directive*]

ICOBS 7.2.3 G

The amount payable may include:

(1) any sums that a *firm* has reasonably incurred in concluding the contract, but should not include any element of profit;

(2) an amount for cover provided (i.e. a proportion of the *policy's* exposure that relates to the time on risk);

(3) a proportion of the *commission* paid to an *insurance intermediary* sufficient to cover its costs; and

(4) a proportion of any *fees* charged by an *insurance intermediary* which, when aggregated with any *commission* to be repaid, would be sufficient to cover its costs.

ICOBS 7.2.4 G

In most cases, the *FCA* would expect the proportion of a *policy's* exposure that relates to the time on risk to be a pro rata apportionment. However, where there is material unevenness in the incidence of risk, an *insurer* could use a more accurate method. The sum should be reasonable and should not exceed an amount commensurate to the risk incurred.

ICOBS 7.2.5 G An *insurer* and an *insurance intermediary* should take reasonable steps to ensure that double recovery of selling costs is avoided, particularly where the contract for the *insurance intermediary's* services is a *distance contract*, or where both *commission* and *fees* are recouped by the *insurer* and *insurance intermediary* respectively.

Firm's obligation on cancellation

ICOBS 7.2.6 R (1) A *firm* must, without any undue delay and no later than within 30 *days*, return to a *consumer* any sums it has received from him in accordance with the contract, except as specified in this section.

(2) This period shall begin from the day on which the *firm* receives the notification of cancellation.

[**Note**: article 7(4) of the *Distance Marketing Directive*]

Consumer's obligation on cancellation

ICOBS 7.2.7 R (1) A *firm* is entitled to receive from a *consumer* any sums and/or property he has received from the *firm* without any undue delay and no later than within 30 *days*.

(2) This period shall begin from the day on which the *consumer* dispatches the notification of cancellation.

[**Note**: article 7(5) of the *Distance Marketing Directive*]

ICOBS 7.2.8 G If an *insurer* has made a charge for services provided, the sums and property to be returned by a *consumer* should not include any money or property provided in settling a claim.

Set off

ICOBS 7.2.9 R Any sums payable under this section are owed as simple contract debts and may be set off against each other.

Automatic cancellation of an attached distance contract

ICOBS 7.2.10 G A *consumer's* notice to cancel a *distance contract* may also operate to cancel any attached contract which is also a distance financial services contract. This is unless the *consumer* gives notice that cancellation of the contract is not to operate to cancel the attached contract. (See the *Distance Marketing Regulations*.) Where relevant, this should be disclosed to the *consumer* along with other information on cancellation.

CHAPTER

ICOBS 8 Claims handling

Section : ICOBS 8.1 Insurers: general

ICOBS 8.1.1 R

An *insurer* must:

(1) handle claims promptly and fairly;

(2) provide reasonable guidance to help a *policyholder* make a claim and appropriate information on its progress;

(3) not unreasonably reject a claim (including by terminating or avoiding a *policy*); and

(4) settle claims promptly once settlement terms are agreed.

Cases where rejection of consumer's claim is unreasonable: contracts before 1 August 2017

ICOBS 8.1.2 R

For contracts entered into or variations agreed before 1 August 2017, a rejection of a *consumer policyholder's* claim is unreasonable, except where there is evidence of fraud, if it is :

(1) in relation to contracts entered into or variations agreed on or before 5 April 2013, for:

(a) non-disclosure of a fact material to the risk which the *policyholder* could not reasonably be expected to have disclosed; or

(b) non-negligent misrepresentation of a fact material to the risk; or

(2) in relation to contracts entered into or variations agreed on or after 6 April 2013, for misrepresentation by a *customer* and the misrepresentation is not a qualifying misrepresentation (see *ICOBS 8.1.3R*); or

(3) for breach of warranty or condition unless the circumstances of the claim are connected to the breach and unless (for a *pure protection contract*):

(a) under a 'life of another' contract, the warranty relates to a statement of fact concerning the life to be assured and, if the statement had been made by the life to be assured under an 'own life' contract, the *insurer* could have rejected the claim under this *rule*; or

(b) the warranty is material to the risk and was drawn to the *customer's* attention before the conclusion of the contract.

Cases where rejection of consumer's claim is unreasonable: contracts on or after 1 August 2017

ICOBS 8.1.2A G

(1) Cases in which rejection of a *consumer's* claim would be unreasonable (in the *FCA's* view) include, but are not limited to rejection:

(a) for misrepresentation, unless it is a qualifying misrepresentation (see *ICOBS 8.1.3R*);

(b) where the claim is subject to the *Insurance Act 2015,* for breach of warranty or term, or for fraud, unless the *insurer* is able to rely on the relevant provisions of the *Insurance Act 2015;* and

(c) where the *policy* is drafted or operated in a way that does not allow the *insurer* to reject.

(2) The *Insurance Act 2015* sets out a number of situations in which an *insurer* may have no liability or obligation to pay. For example:

(a) section 10 provides situations in which an *insurer* has no liability under a *policy* due to a breach of warranty;

(b) section 11 places restrictions on an *insurer's* ability to reject a claim for breach of a term where compliance is aimed at reducing certain types of risk; and

(c) sections 12 and 13 provide for the extent to which a *firm* is entitled to reject fraudulent claims.

ICOBS 8.1.2B R

For contracts entered into or variations agreed on or after 1 August 2017, a rejection of a *consumer policyholder's* claim for breach of a condition or warranty (that is not subject to and within *section 10* or *11* of the Insurance Act 2015) is unreasonable unless the circumstances of the claim are connected to the breach.

Definition of a qualifying misrepresentation

ICOBS 8.1.3 R

In this section, a "qualifying misrepresentation" is one made by a *consumer* before a consumer insurance contract was entered into or varied if:

(1) the *consumer* made the misrepresentation in breach of the duty set out in section 2(2) of the Consumer Insurance (Disclosure and Representations) Act 2012 to take reasonable care not to make a misrepresentation to the *insurer*; and

(2) the *insurer* shows that without the misrepresentation, that *insurer* would not have entered into the contract (or agreed to the variation) at all, or would have done so only on different terms.

[**Note**: *section 4* of the Consumer Insurance (Disclosure and Representations) Act 2012.]

Section : ICOBS 8.2 Motor vehicle liability insurers

Application: who? what?

ICOBS 8.2.1 R

(1) This section applies to a *motor vehicle liability insurer*.

(2) The *rules* in this section relating to the appointment of claims representatives apply:

(a) [deleted]

(b) in relation to claims arising out of events occurring, and risks situated, in the *United Kingdom*, and covered by a *firm* operating from an establishment in the *European Economic Area*.

(3) The *rules* in this section relating to claims handling apply in respect of claims arising from any accident caused by a *vehicle normally based* in the *United Kingdom*.

[**Note**: article 20(1) of the *Consolidated Motor Insurance Directive* and article 152 of the *Solvency II Directive*]

Requirement to appoint claims representatives

ICOBS 8.2.2B R

A *firm* operating from an establishment in the *European Economic Area* carrying on motor vehicle liability insurance business and covering *UK* risks must have a claims representative in the *United Kingdom* to deal with claims arising out of events occurring in the *United Kingdom*.

[**Note:** article 152 of the *Solvency II Directive*]

Conditions for appointing claims representatives

ICOBS 8.2.3 R

A *firm* must ensure that each claims representative:

(1) is responsible for handling and settling a claim by an *injured party*;

(2) is resident or established in the *United Kingdom*;

(3) collects all information necessary in connection with the settlement of a claim and takes the measures necessary to negotiate its settlement;

(4) possesses sufficient powers to represent the *firm* in relation to an *injured party* and to meet an *injured party's* claim in full; and

(5) is capable of examining cases in the official language(s) of the *United Kingdom*.

[**Note**: article 21(1), (4) and (5) of the *Consolidated Motor Insurance Directive* and article 152 of the *Solvency II Directive*]

ICOBS 8.2.4 G

The requirement to possess sufficient powers does not prevent a claims representative from seeking additional authority or instructions if needed. It does prevent it from declining to deal with, or transferring responsibility for, claims properly referred to it by an *injured party*, or their representative.

Notifying the appointment of claims representatives

ICOBS 8.2.5 R

(1) A *firm* must notify to the *Motor Insurers' Information Centre*:

(a) the name and address of the claims representative which they have appointed in the *United Kingdom*;
[**Note**: article 23(2) of the *Consolidated Motor Insurance Directive*]

(b) the telephone number and effective date of appointment; and

(c) any material change to information previously notified.

(2) Notification must be made within ten *business days* of an appointment or of a material change.

Motor vehicle liability claims handling rules

ICOBS 8.2.6 R

Within three *months* of the *injured party* presenting his *claim* for compensation:

(1) the *firm* of the *person* who caused the accident or its claims representative must make a reasoned offer of compensation in cases where liability is not contested and the damages have been quantified; or

(2) the *firm* to whom the claim for compensation has been addressed or its claims representative must provide a reasoned reply to the points made in the claim in cases where liability is denied or has not been clearly determined or the damages have not been fully quantified.

[**Note**: article 22 of the *Consolidated Motor Insurance Directive* and article 3 of the *Consolidated Motor Insurance Directive*]

ICOBS 8.2.7 R

(1) If liability is initially denied, or not admitted, within three *months* of any subsequent admission of liability, the *firm* must (directly, or through a claims representative) make a reasoned offer of settlement, if, by that time, the relevant claim for damages has been fully quantified.

(2) If an *injured party's* claim for damages is not fully quantified when it is first made, within three *months* of the subsequent receipt of a fully quantified claim for damages, the *firm* must (directly, or through a claims representative) make a reasoned offer of damages, if liability is admitted at that time.

ICOBS 8.2.8 R

A claim for damages will be fully quantified for the purpose of this section when the *injured party* provides written evidence which substantiates or supports the amounts claimed.

Interest on compensation

ICOBS 8.2.9 R

(1) If the *firm*, or its claims representative, does not make an offer as required by this section, the *firm* must pay simple interest on the amount of compensation offered by it or awarded by the court to the *injured party*, unless interest is awarded by any tribunal.

(2) The interest calculation period begins when the offer should have been made and ends when the compensation is paid to the *injured party*, or his authorised representative.

(3) The interest rate is the Bank of England's base rate (from time to time), plus 4%.

[**Note**: article 22 of the *Consolidated Motor Insurance Directive*. Regulation 6 of the

Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001 makes this *rule* actionable under section 138D of the Act (Actions for damages) by any person who suffers loss as a result of its contravention]

ICOBS 8.2.10 R

A *firm* will be taken to have received a claim, or a fully quantified claim, for damages when the claim is delivered to it, or a claims representative, by any *person* by any method of delivery which is lawful in the *firm's*, or its claims representative's, respective State of residence or establishment.

ICOBS 8.2.11 G

The provisions in this section are not intended to, and do not, restrict any rights which the *injured party*, or its *motor vehicle liability insurer*, or any other *insurer* acting on its behalf, may have and which would enable any of them to begin legal proceedings against the *person* causing the accident or that *person's*, or the *vehicle's*, *insurers*.

Section : ICOBS 8.3 Insurance intermediaries (and insurers handling claims on another insurer's policy)

Application: who?

ICOBS 8.3.1 G

This section applies to an *insurance intermediary*, and to an *insurer* handling a claim on another *insurance undertaking's policy*.

Interaction with the general law

ICOBS 8.3.2 G

A *firm* is expected to comply with the general law on the duties of an insurance intermediary. This section does not seek to set out the full extent of those duties.

Conflicts of interest

ICOBS 8.3.3 G

(1) *Principle* 8 requires a *firm* to manage conflicts of interest fairly. *SYSC 10* also requires an *insurance intermediary* to take all reasonable steps to identify conflicts of interest, and maintain and operate effective organisational and administrative arrangements to prevent conflicts of interest from constituting or giving rise to a material risk of damage to its *clients*.

(2) [deleted]

(3) If a *firm* acts for a *customer* in *arranging* a *policy*, it is likely to be the *customer's* agent (and that of any other *policyholders*). If the *firm* intends to be the *insurance undertaking's* agent in relation to claims, it needs to consider the risk of becoming unable to act without breaching its duty to either the *insurance undertaking* or the *customer* making the *claim*. It should also inform the *customer* of its intention.

(4) A *firm* should in particular consider whether declining to act would be the most reasonable step where it is not possible to manage a conflict, for example where the *firm* knows both that its *customer* will accept a low settlement to obtain a quick payment, and that the *insurance undertaking* is willing to settle for a higher amount.

Dealing with claims notifications without claims handling authority

ICOBS 8.3.4 G

A *firm* that does not have authority to deal with a claim should forward any claim notification to the *insurance undertaking* promptly, or inform the *policyholder* immediately that it cannot deal with the notification.

Section : ICOBS 8.4 Employers' Liability Insurance

Application

ICOBS 8.4.1 R

(1) The general application *rule* in *ICOBS 1.1.1 R* applies to this section subject to the modifications in (2).

(2) This section applies to:

1. (a) any *firm* solely with respect to the activities of:

1. (i) *carrying out contracts of insurance*; or

2. (ii) *managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's*;

in relation to *general insurance contracts* and, in either case, including business accepted under *reinsurance to close*.

2. (b) [deleted]

(3) In this section references to:

(a) an 'employers' liability register' are to the employers' liability register referred to in *ICOBS 8.4.4R (1)(a)*;

(b) a '*director's* certificate' are to a statement complying with the requirements in *ICOBS 8.4*;

(c) *employers' liability insurance* include business accepted under *reinsurance to close* covering *employers' liability insurance* (including business that is only included as *employers' liability insurance* for the purposes of this section);

(d) a 'qualified *director's* certificate' are to the statement complying with the requirements in *ICOBS 8.4.7AR*;

(e) a 'historical *policy*' are to a *United Kingdom* commercial lines *employers' liability insurance policy* or other evidence of cover issued or renewed before 1 April 2011; and

(f) 'supporting documents' are the *director's* certificate and auditor's report specified in *ICOBS 8.4.7AR* and *ICOBS 8.4.7BR*.

ICOBS 8.4.1A G

TP firms and *Gibraltar-based firms* are reminded that *GEN 2.2* and *GEN 2.3* (respectively) set out how the *Handbook* applies to them. *ICOBS 8.4*, including any amendments (and, for the avoidance of doubt any new *rules* created arising out of those amendments) made after *IP completion day*, continues to apply to *TP firms* and *Gibraltar-based firms*.

ICOBS 8.4.2 G *ICOBS 8.4* does not generally apply to activities carried out in relation to a *reinsurance contract* (see *ICOBS 1.1.2 R* and *ICOBS 1 Annex 1 Part 2 1.1 R*) but it does apply to business accepted under *reinsurance to close*.

Purpose

ICOBS 8.4.3 G The purpose of *ICOBS 8.4* is to assist individuals with claims arising out of their course of employment in the *United Kingdom* for employers carrying on, or who carried on, business in the *United Kingdom*, to identify an *insurer* or *insurers* that provided *employers' liability insurance* (other than certain co-insurance and excess cover arrangements) by requiring *insurers* to produce an employers' liability register and to conduct effective searches for historical *policies*. In particular it aims to assist ex-employees whose employers no longer exist or who cannot be located.

Principal obligation to produce an employers' liability register

ICOBS 8.4.4 R (1) A *firm carrying out contracts of insurance*, or a *managing agent* managing *insurance business*, including in either case business accepted under *reinsurance to close*, which includes *United Kingdom* commercial lines *employers' liability insurance*, must:

(a) produce an employers' liability register complying with the requirements in (2) and *ICOBS 8 Annex 1*;

(b) [deleted]

(c) [deleted]

(1A) [deleted]

(2) For the purposes of (1)(a) the employers' liability register is required to:

(a) include the date upon which the register was produced;

(b) include a database which:

(i) reliably stores information required by *ICOBS 8 Annex 1*;

(ii) in relation to information required by *ICOBS 8 Annex 1 1.1R(1)*, contains accurate information and, in relation to information required by *ICOBS 8 Annex 1 1.1R(2)*, contains information which faithfully reproduces the information that the *firm* has; and

(iii) has an effective search function which allows a person inputting data included on the register relating to a particular employer over a particular period to retrieve information on the register relating to a potential employers' liability claim corresponding to that employer and period;

(c) allow for requests for information or searches relating to a potential claim to be made by:

(i) individuals with the potential claim, or their authorised representative, or

(ii) any employer to whom the potential claim relates; or

(iii) an *insurer* which is potentially jointly and severally liable with

another *firm* in relation to the potential claim; or

(iv) a relevant *insurance intermediary* acting for an *insurer* in (iii);

(d) allow for requests by a tracing office which meets the conditions in *ICOBS 8.4.9R* relating to the use of information on the *firm's* register to the extent that the information is necessary, and used solely, to enable the tracing office to provide comprehensive searching facilities to its users; and

(e) allow for responses to requests or searches in (c) to be provided without delay.

(3) [deleted]

(4) For the purposes of (1):

(a) *United Kingdom* commercial lines *employers' liability insurance* means commercial lines *employers' liability insurance* where both the employer's business was or is carried on, and the employees' course of employment was or is, in the *United Kingdom*; and

(b) commercial lines business comprises *contracts of insurance* carried out in relation to *persons* whose *employers' liability insurance* relates to a business or profession they carry on.

ICOBS 8.4.5 G

(1) For the purposes of *ICOBS 8.4.4R (2)(c)* and *ICOBS 8.4.4R (2)(d)*, a *firm* may put in place appropriate screening on its employers' liability register to monitor:

(a) requests for information and searches to ensure that they are being made for a legitimate purpose by persons falling into one of the categories in *ICOBS 8.4.4R (2)(c)*; and

(b) requests from tracing offices to ensure that the information is necessary, and will only be used by the tracing office, for the purposes of providing users of the tracing service with the same information as the *firm* itself would have provided had the inquirer approached the *firm* directly.

If a *firm* has any reason to suspect that the information is, or may be, being misused then it may restrict the use of the information provided or request its return.

(2) For the purposes of *ICOBS 8.4.4R (2)(e)* the *FCA* expects that, in the ordinary course, a person searching or making an information request will be provided with a response within one *business day* of the initial request.

(3) In the *FCA's* view, commercial lines business does not include *employers' liability insurance* provided for retail consumers, for example, in relation to insurance taken out to cover liability in relation to domestic arrangements such as home help.

Requirement to make employers' liability register and supporting documents available

ICOBS 8.4.7 R

(1) A *firm* must make available:

1. (a) the information on the employers' liability register either:
    1. (i) on the *firm's* website; or
    2. (ii)

by arranging for a tracing office which meets the conditions in *ICOBS 8.4.9 R* to make the information available on the tracing office's website; and

2. (b)

the latest *director's* certificate prepared in accordance with *ICOBS 8.4.7AR* and the latest report prepared by an auditor for the purposes of *ICOBS 8.4.7BR* , to a tracing office which has obtained information from the *firm* for the purposes of providing comprehensive tracing information, in accordance with *ICOBS 8.4.4R (2)(d)*, provided that the tracing office has agreed with the *firm* not to disclose confidential information in the certificate and the report to third parties, save as required by law.

(2)

If a *firm* arranges for a tracing office to make information available for the purposes of (1)(a)(ii) the *firm* must:

(a)

send to the tracing office copies of its latest *director's* certificate and report prepared by the *firm's* auditor provided that the tracing office has agreed with the *firm* not to disclosure confidential information in the certificate and the report to third parties, save as required by law;

(b)

maintain records of all the tracing information and copies of all documents it has provided to the tracing office;

(c)

retain all legal rights in relation to the ownership and use of the information and documents provided to the tracing office to enable the *firm* to provide that information or documentation to another tracing office or to make it available itself; and

(d) send to the tracing office its Firm Reference Number.

Director's certificate

ICOBS 8.4.7A R

(1) A *firm* must obtain a written statement, by a *director* of the *firm* responsible for the production of the register, that, to the best of the *director's* knowledge, during the reporting period the *firm* in its production of the register is either:

(a) materially compliant with the requirements of *ICOBS 8.4.4R(2)* and *ICOBS 8 Annex 1*, including (where necessary) how the *firm* has used and continues to use its best endeavours in accordance with *ICOBS 8 Annex 1.1.1CR*; or

(b) not materially compliant with the provisions referred to in *ICOBS 8.4.7AR(1)(a)*, in which case the statement must also set out, to the best of the director's knowledge, the information required by *ICOBS 8.4.7AR(3)*.

(2) For the purposes of this *rule* and *ICOBS 8.4.7BR*, 'materially compliant' means that in relation to at least 99% of *policies* for which information is required to be included, the information in the register does not contain any inaccuracy or lack faithful reproduction (as relevant) that would affect the outcome of a search when compared to a search carried out with fully accurate and/or faithfully reproduced information.

(3) The information referred to in (1)(b) is:

(a) a description of the ways in which the *firm*, in its production of the register, is not materially compliant;

(b) the number of *policies*, in relation to which, either:

(i) the *firm* is not able to include any information in the register; and/or

(ii) information is included in the register, but information may be incorrect or incomplete,

3. in each case as a proportion of the total number of *policies* required to be included in the register.

(c) where the *firm* is only practicably able to provide an estimate of the numbers in (b), the basis of each estimate; and

(d) a description of the systems and controls used in the production of the register and of the steps, together with relevant timescales, that the *firm* is taking to ensure that it will be materially compliant as soon as practicable.

(4) The *firm* must ensure that the *director's* certificate includes the description of 'materially compliant' referred to in (2).

(5) The *director's* certificate must be obtained by 31 August each year, covering the period of production of the register from 1 April to 31 March.

Auditor's report

ICOBS 8.4.7B R

(1) A *firm* must obtain a report satisfying the requirements of (2), prepared by an auditor satisfying the requirements of *SUP 3.4* and *SUP 3.8.5R* to *SUP 3.8.6R*, and addressed to the directors of the *firm*.

(2) The report referred to in (1) must:

(a) be prepared on the basis of providing an opinion under a *limited assurance engagement* confirming whether the auditor has found no reason to believe that the *firm*, solely in relation to the *firm's* extraction of information from its underlying records, has not materially complied with the requirements in *ICOBS 8.4.4R(2)* and *ICOBS 8 Annex 1* in the production of its employer's liability register during the reporting period, having regard in particular to the possible errors and omissions referred to in (c);

(b) use the description of 'material compliance' as referred to in *ICOBS 8.4.7AR(2)*, adapted as necessary to apply solely to the *firm's* extraction of information from its underlying records;

(c) address, in particular, the following risks:

(i) information relating to certain *policies* issued or renewed on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the *firm's* underlying records;

(ii) information relating to certain *policies* in respect of which claims were made on or after 1 April 2011 is entirely omitted from the register even though some relevant policy details are included in the *firm's* underlying records;

(iii) relevant information required to be included in the register, and which is included in the *firm's* underlying records, is omitted from, or is inaccurately entered on to, the register; and

(iv) information relating to *policies* which do not provide *employers' liability insurance* are included in the register.

(3) The report referred to in (1) must be obtained by 31 August each year, covering the period of production of the register from 1 April to 31 March.

Director's certificate and auditor's report non-compliance

ICOBS 8.4.7C G

Where either the *director's* certificate or the auditor's report indicates that the *firm* is not materially compliant with the provisions referred to in *ICOBS 8.4.7AR(1)(a)*, the *firm* will need to consider whether notification to the *FCA* is required under *SUP 15.3.11R(1)* (Breaches of rules and other requirements in or under the Act or the CCA).

ICOBS 8.4.7D G

SUP 15.3.12G sets out *guidance* on how significance should be determined for the purposes of *SUP 15.3.11R(1)*.

ICOBS 8.4.7E G

Where a *firm* is not materially compliant with the provisions referred to in *ICOBS 8.4.7AR(1)(a)* solely as a result of:

(1) the unavailability of data on historical *policies*; or

(2) the unavailability of data following an insurance business transfer,

the *FCA* considers that the *firm* is unlikely to be required to notify the *FCA* under *SUP 15.3.11R(1)*.

Requirement to make employers' liability register and supporting documents available

ICOBS 8.4.8 E

For the purposes of *ICOBS 8.4.4R (2)(d)* and *ICOBS 8.4.7R (1)(a)(ii)* the existence of published and up-to-date versions of both a certificate from the *directors* of the tracing office, stating that the tracing office has complied in all material respects with the requirements in *ICOBS 8.4.9R (1)* to *(6)*, and a report under a *reasonable assurance engagement*, addressing the accuracy and completeness of the tracing office's database, may be relied upon as tending to establish that a *firm* has satisfied the requirement to use a tracing office which meets the conditions in *ICOBS 8.4.9R (1)* to *(6)*.

Qualifying tracing offices

ICOBS 8.4.9 R

The conditions referred to in *ICOBS 8.4.4R (2)(d)* and *ICOBS 8.4.7R (1)(a)(ii)* are that the tracing office is one which:

(1) maintains a database which:

(a) accurately and reliably stores information submitted to it by *firms* for the purposes of complying with these *rules*;

(b) has systems which can adequately keep it up to date in the light of new

information provided by *firms*;

(c) has an effective search function which allows a person inputting data included on the database relating to a particular employer over a particular period to retrieve information on the database relating to a potential employers' liability claim corresponding to that employer and period;

(2) maintains adequate records of the *director's* certificates and reports prepared by an auditor sent to it by *firms* for the purposes of complying with these *rules*;

(3) has effective arrangements for information security, information back up and business continuity and to prevent the misuse of data;

(4) accepts search requests in relation to information in (1) relating to a potential claim from:

(a) individuals with the potential claim, or their authorised representative; or

(b) the employer to whom the potential claim relates; or

(c) an *insurer* which is potentially jointly and severally liable with another *firm* in relation to the potential claim; or

(d) a relevant *insurance intermediary* acting for an *insurer* in (c);

(5) provides responses to requests in (4) without delay;

(6) has adequate arrangements for providing to a *firm*, upon request and without delay, a full copy of the information on the database that the *firm* has provided to it;

(7) includes in its published annual report:

(a) a certificate from the *directors* of the tracing office stating whether the tracing office has complied with the requirements in (1) to (6) in relation to the period covered by the annual report; and

(b) an independent report commissioned under a *reasonable assurance engagement* satisfying the requirement in *ICOBS 8.4.9A R*, addressing the accuracy and completeness of the database, prepared by an auditor satisfying the requirements of *SUP 3.4* and *SUP 3.8.5 R* to *SUP 3.8.6 R*, and addressed to the *directors* of the tracing office; and

(8) provides to a *firm* making use of the tracing office for the purposes of *ICOBS 8.4.7R (1)(a)(ii)*:

(a) a copy of its annual report promptly after publication; and

(b) upon request and without delay a full copy of the information on the database that the *firm* has provided to it.

ICOBS 8.4.9A R

The requirement referred to in *ICOBS 8.4.9R (7)(b)* is that the report must include an opinion from the auditor confirming whether, in all material respects, the tracing office maintains a database which accurately and reliably stores information submitted to it by *firms* for the purpose of complying with relevant requirements in *ICOBS 8.4* and that it has systems which can adequately keep it up to date in the light of new information provided by *firms*.

ICOBS 8.4.10 G

(1) *ICOBS 8.4.4R (2)(b)* and *ICOBS 8.4.9R (1)* require a *firm*, or a tracing office used

by a *firm*, to have an effective search function in relation to the employers' liability register database. In the *FCA's* view an effective search function is one which finds all matches in the register to any specified whole word.

(2) For the purposes of *ICOBS 8.4.9R (5)* the term 'without delay' should have the same meaning as in *ICOBS 8.4.5G (2)*.

(3) In order to assist *firms* with their obligations under these *rules* the *FCA* has agreed to publish on its website at *www.fca.org.uk/consumers/employers-liability-insurance* a list of *persons* providing tracing office facilities which have published the *directors'* certificate and independent assurance report referred to in *ICOBS 8.4.9R (7)*.

Updating and verification requirements

ICOBS 8.4.11 R

(1) [deleted]

(2) A *firm* producing an employers' liability register must:

(a) update the register with any new or more accurate information falling within *ICOBS 8 Annex 1*:

(i) by virtue of the entry into or renewal of, or of a claim made in relation to, a *policy*, as required by *ICOBS 8 Annex 1* Part 1; and

(ii) in all other cases, by virtue of the *firm* having received that new or more accurate information;

(b) make the updated information in (a) available, in accordance with *ICOBS 8.4.7 R*, no later than:

(i) in relation to new or more accurate information arising out of the entry into or renewal of, or a claim made in relation to, a *policy*, three *months* from the date of entry, renewal or the date upon which the claim was made; and

(ii) in all other cases, three *months* from the date upon which the *firm* received the new or more accurate information;

(c) update the register, no less frequently than once every three *months*, and include the date that the register was updated and a statement that the register may be relied on as up-to-date as at a date three *months* prior to the date upon which the register was updated, or such later date as applicable to the *firm*;

ICOBS 8.4.12 G

For the purposes of *ICOBS 8.4.11R (2)(c)* a *firm* is required to include the date at which it updates the register. However, depending on the *firm's* processes for making information available for the purposes of *ICOBS 8.4.11R (2)(b)*, the register may only be relied upon as being up-to-date as at a date three *months* prior to the date on which the *firm* has updated the register, or such lesser period as applicable to the *firm* as is consistent with the *firm's* processes. *ICOBS 8.4.11R (2)(c)* requires the *firm* to include a statement as to the date at which the register may be relied upon as containing up-to-date information which can be no earlier than three *months* prior to the new date on the register, but may be later depending on the *firm's* circumstances.

ICOBS 8.4.12A R

(1) For the purposes of *ICOBS 8.4.11R (2)(a)*, *8.4.11R (2)(b)* and *ICOBS 8 Annex 1* a claim is deemed to be made in relation to a *policy* at the date on which the *firm* establishes, or otherwise accepts, that it has provided relevant cover under the *policy*, and is therefore potentially liable subject to the terms of the *policy*.

(2) A *firm* must use reasonable endeavours to establish whether it has provided relevant cover:

(a) within three *months* of being notified of a potential claim; or

(b) if that is not possible, as soon as is reasonably practicable thereafter.

Transfers of insurance business

ICOBS 8.4.13 R

The transferor in an *insurance business transfer scheme* must provide the transferee with the information and documents the transferor holds in compliance with *ICOBS 8.4* in respect of the insurance business transferred.

Requirement to conduct effective searches for historical policies

ICOBS 8.4.14 R

A *firm* with actual or potential liability for *United Kingdom* commercial lines *employers' liability insurance* claims must take reasonable steps to conduct effective searches of their records when they receive a request to carry out a search for a historical *policy* from persons falling into one of the categories in *ICOBS 8.4.4R (2)(c)* or a tracing office which meets the conditions in *ICOBS 8.4.9 R*.

ICOBS 8.4.15 R

A *firm* must put in place a written policy for complying with *ICOBS 8.4.14 R* and operate in accordance with it. The policy must cover at least the following matters:

(1) details of where the *firm's* historical *policies* are held or are likely to be held (including details of records which are archived or stored off site);

(2) details of the different types of records to be searched by the *firm*, such as electronic files, paper files, and microfiche; and

(3) details of how the searches will be carried out, including a description of how and in what circumstances the *firm* may decide not to conduct a search.

ICOBS 8.4.16 R

(1) When a *firm* receives a request under *ICOBS 8.4.14 R*, from a qualifying tracing office, it must provide a response, in writing, to the requestor within one *month* of receiving the request.

(2) This rule does not apply when the *firm* has conducted a search but no historical *policies* have been found.

(3) When a *firm* receives a request under *ICOBS 8.4.14 R*, other than from a qualifying tracing office, it must provide a response, in writing, to the requestor within two *months* of receiving the request in accordance with *ICOBS 8.4.17 R*.

ICOBS 8.4.17 R

(1) Where a *firm* has established that a historical *policy* does exist, the response should confirm what cover was provided and set out any available information that is relevant to the request received.

(2) Where there is evidence to suggest that a historical *policy* does exist, but the *firm* is unable to confirm what cover was provided, the response should set out any information relevant to the request and describe the next steps (if any) the *firm* will take to continue the search.

(3) Subject to *ICOBS 8.4.16R (2)*, where the *firm* has conducted a search, but no historical *policies* have been found, the response should set this out clearly and explain that reasonable steps were taken to conduct an effective search.

Section : ICOBS 8 Annex 1 Employers' liability register

ICOBS 8 Annex 1

See *ICOBS 8.4.4R (1)(a)* .

Part 1 In relation to information to be included in the employers' liability register			
1.1	R	A *firm* must:	
		(1)	for each *policy* it enters into or renews on or after 1 April 2011, include, in relation to that *policy* , all the information required by the form in 1.2R, in accordance with the notes;
		(2)	for each *policy* not falling in (1) and in relation to which a claim is made on or after 1 April 2011, include, in relation to that *policy* , all the information required by the form in 1.2R that the *firm* holds, in accordance with the notes; and
		(3)	in relation to (1) and (2) include the notes set out in 1.2R.
1.1A	R		A *firm* is not required to include information required by 1.1R(1) and (2) to the extent that it relates to the *firm's* potential liability as a co-insurer, other than as the lead *insurer* , under a co-insurance arrangement satisfying the following conditions:
		(1)	the risk is covered by a single contract at an overall premium and for the same period by two or more *insurers* each for its own part;
		(2)	one of the *insurers* is the lead *insurer* who is treated as if it were the *insurer* covering the whole risk;
		(3)	the lead *insurer* fully assumes the leader's role in co-insurance practice and in particular determines the terms and conditions of insurance and rating;
		(4)	the *firm* has entered into and maintains with the lead *insurer* up-to-date written agreements identifying the *policies* in relation to which the *firm* is a co-insurer of the lead *insurer* and the proportions of the risk for which the co-insurer is responsible; and
		(5)	the *firm* is satisfied that the lead

			insurer complies with the requirements in 1.1R(1) and (2) in relation to the co-insured *policies* .
1.1B	R		A *firm* is not required to include information required by 1.1R(1) and (2) to the extent that it relates solely to the *firm's* potential liability under an excess *policy* where another *insurer* has principal liability for the risk, and the following conditions are satisfied:
		(1)	the principal *insurer's* maximum liability under the primary *policy* covering the risk is for no less than £5,000,000 in relation to a single event;
		(2)	the *firm* has no liability to potential claimants until those claimants have exhausted their remedies against the principal *insurer* ; and
		(3)	the *firm* has adequate arrangements for identifying and recording the *policies* in relation to which the *firm* provides excess cover under an excess *policy* .
1.1C	R	A *firm* is not required to include the employer reference number (ERN) required by 1.1R(1) and (2) where the conditions in either 1.1CAR or 1.1CCR are met.	
1.1CA	R	The conditions in this *rule* are that:	
		(1)	in accordance with *ICOBS 8.4.7R(1)(a)(ii)* and *ICOBS 8.4.11R(2)* , the *firm* has arranged to make the information on its employers' liability register available on the website of a tracing office that meets the conditions in *ICOBS 8.4.9R* ;
		(2)	that tracing office has effective systems in place to obtain and record accurate ERN data on its database; and
		(3)	that tracing office has provided the *firm* with a commitment that it will use its best endeavours to obtain the ERN.
1.1CB	G	(1)	Where the tracing office in 1.1CAR is using its best endeavours to obtain the ERN and asks a *firm* to help with

			obtaining it, that *firm* should take reasonable steps to do so in line with its obligations under *Principle* 2 (to conduct its business with due skill, care and diligence) and *Principle* 3 (to take reasonable care to organise and control its affairs responsibly and effectively).		
		(2)	Where a *firm* is in possession of or comes into possession of the ERN, the *firm* should provide the ERN to the tracing office in 1.1CAR as soon as reasonably practicable.		
		(3)	Where a *firm* makes information on its employers' liability register available on its own website in accordance with *ICOBS 8.4.7R(1)(a)(i)* or the tracing office in 1.1CAR fails to meet any of the conditions in 1.1CAR, the *rule* in 1.1CCR may apply.		
1.1CC	R	The conditions in this *rule* are that:			
		(1)	the *firm* has not been able to obtain the ERN solely due to failures by parties outside the *firm's* control; and		
		(2)	the *firm* has used and continues to use its best endeavours to obtain the ERN, other than refusing to provide cover to an employer solely because it has not provided the ERN.		
1.1D	G	(1)	To help to demonstrate that it has used its best endeavours, a *firm* should consider:		
			(a)	appointing an *approved person* with appropriate seniority within the *firm* to be responsible for agreeing and signing off the *firm's* approach to obtaining employee reference numbers;	
			(b)	establishing an appropriate framework for collecting employee reference numbers and monitoring of compliance with *ICOBS 8.4.4 R* . The framework should be documented and should include the following matters (this is not an exhaustive list):	
				(i)	collection

					procedures which are subject to regular reviews;
				(ii)	appropriate compliance monitoring, and production and review of management information;
				(iii)	regular meetings between those responsible for operational collection;
				(iv)	escalation of compliance issues on a timely basis; and
				(v)	appropriate use of internal and external communication to promote the importance of ERN compliance;
			(c)	implementing and maintaining appropriate:	
				(i)	internal audit measures to ensure ERN collection procedures are being

					followed internally and by the *firm's* intermediary partners; and
				(ii)	controls to ensure any issues identified through the audit process are followed up and corrected within appropriate timescales;
			(d)	updating terms of business agreements to cover ERN collection.	
		(2)	It is the responsibility of each *firm* to decide what processes to use to obtain the ERN based on what is appropriate and proportionate for that *firm* , taking into account the volume of policies, type of business written and the distribution channels used to write that business.		
1.2	R	*FORM*			
Part 2 In relation to information not required to be included					
2.1	R	A *firm carrying out contracts of insurance* , in relation to which information is not required to be included in the register under *FCA rules* , must, beneath the form in 1.2R, state the following, where applicable, tailored as necessary to the *firm's* circumstances: "We have potential liability for policies under which UK commercial lines employers' liability cover has been provided to employers and which commenced or were renewed before 1 April 2011 and in respect of which no claims were made on or after 1 April 2011. However, we are not			

		required to make details of those policies available in this register under *FCA* rules. Enquiries may be made about these policies by individual claimants, their authorised representatives, or insurers or their insurance intermediaries, with potential claims, by contacting [insert contact details]"	
2.1A	R		A *firm* with potential liability as a co-insurer and which satisfies the requirements of 1.1AR must tailor the statement in 2.1R to include reference to the following:
		(1)	that the *firm* has potential liability for *policies* under which *UK* commercial lines employers' liability cover has been provided to employers for which the *firm* was co-insurer, but not lead insurer, but that the *firm* is not required to make details of those *policies* available in the register under *FCA* rules; and
		(2)	responsibility for making information available in relation to *policies* to which (1) applies is with the lead insurer.
2.1B	R		A *firm* with potential liability under an excess *policy* and which satisfies the requirements of 1.1BR must tailor the statement in 2.1R to include reference to the following:
		(1)	that the *firm* has potential liability for *policies* under which *UK* commercial lines employers' liability cover has been provided to employers for which it provides cover only in excess of that provided by another *insurer* (and where the principal cover is for £5m or more) but that the *firm* is not required to make details of those *policies* available in the register under *FCA* rules; and
		(2)	responsibility for making information available in relation to the *policy* providing the principal cover is with the principal *insurer* .
2.2	G	The purpose of 2.1R, 2.1AR and 2.1BR is to inform users of the register that the *firm* may be potentially liable in relation to *policies* other than those on the register. However, a *firm* may include *policies* additional to those entered into, renewed, or in relation to which a claim was made, after April 2011, in the register. If it does, the statement	

		in 2.1R, 2.1AR or 2.1BR may be amended as necessary to refer to the *policies* that are not included.

CHAPTER

ICOBS TP 1 Transitional Provisions

Section : ICOBS TP 1 Transitional Provisions

ICOBS TP 1

	Consolidated Motor Insurance Directive		
1 [FCA]	R	In relation to a claim by an *injured party* received by a *motor vehicle liability insurer* or its claims representative on or before 10 June 2007, the motor vehicle liability claims handling *rules* (see *ICOBS 8.2.6 R* to *ICOBS 8.2.11 G*) only apply if the claim results from an accident occurring in an *EEA State* other than the *injured party's EEA State* of residence which was caused by the use of a *vehicle* insured through an establishment in, and *normally based* in, an *EEA State* other than the *injured party's EEA State* of residence.	
	Initial disclosure document		
2		Expired	
3		Expired	
4		Expired	
5		Expired	
	Series of events		
6 [FCA]	R	If, for a *connected travel insurance intermediary*, the application of any provision in this sourcebook is dependent on the occurrence of a series of events, the provision applies with respect to the events that occur on or after 1 January 2009.	
	Employers' liability insurance: disclosure by insurers		
7		Expired	
8		Expired	
8A		Expired	
8B [FCA]	R	Expired	
8C [FCA]	G	Expired	
9		Expired	
9A [FCA]	R		Expired
9B [FCA]	G	Expired	
10		Expired	

10A		Expired	
11		Expired	
12		Expired	
13 [FCA]	R	For the purposes of *ICOBS 8.4.11R (2)(a)*, *ICOBS 8.4.11R (2)(b)*, *ICOBS 8.4.12A R*, *ICOBS 8 Annex 1*, TP 8,TP 8B and TP 9, in relation to references to claims made in relation to *policies*:	
		(1)	for claims received by a *firm* prior to 1 April 2011 which have not been settled as at 1 April 2011, those claims must be treated, for the purposes of the above *rules*, as having been made on or after 1 April 2011, and for the purposes of the above *rules*, the *firm* must include information in the form in *ICOBS 8 Annex 1.1.2 R*, in accordance with and including the notes, held by the *firm* (with the exception of information within TP 8R(1)(d) until 1 April 2012) within three *months* of the date upon which the claim was settled, on or after 1 April 2011; and
		(2)	if, as at 1 April 2011, a *firm's* systems record claims by reference to the date the claim was created in the *firm's* systems or the date upon which it was settled, then, notwithstanding *ICOBS 8.4.12A R*, that *firm* may treat references to the date that a claim was made as a reference to the date that the claim was created in the *firm's* systems, or if applicable to the *firm*, the date that the claim was settled.
		TP 13R(2) applies until 1 April 2013.	

CHAPTER

ICOBS TP 2 Other Transitional Provisions

Section : ICOBS TP 2 Other Transitional Provisions

ICOBS TP 2

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision			(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1	*ICOBS 4.5.1 G*	R	Expired				
2	ICOBS 4.5	R	Expired				
3	*ICOBS 6A.2.1 R*(1) to (3)	R	A *firm* need not comply with *ICOBS 6A.2.1R*(1) to (3) in relation to an automatic renewal of an agreement for an optional additional product which was entered into on or before 31 March 2016 provided:			From 1 April 2016	On 1 April 2016
			(1)	the automatic renewal of the agreement is on substantially the same terms. The phrase "on substantially the same terms" is to be interpreted in the same way as in *ICOBS 6A.2.1R (10)*(b) and (c).			
			(2)	on the occasion of the first automatic renewal on or after 1 April 2016, the *firm* takes reasonable steps to ensure that the *customer* is informed:			
				(a)	that the renewal of the agreement is optional;		
				(b)	that the *customer* may elect not to renew the		

					agreement; and		
				(c)	of the effect of the non-renewal of the agreement, if any, on the *non-investment insurance contract*; and		
			(3)	the procedure to be used by *customers* for electing not to renew the agreement pays due regard to the interests of *customers* and treats them fairly.			
4	*ICOBS 2.5.2AR*	R	An *insurer* need not comply with *ICOBS 2.5.2AR* for contracts entered into or variations agreed before 1 August 2017.			From 1 August 2017	On 1 August 2017
5	*ICOBS 6A.6*	R	A *firm* need not comply with *ICOBS 6A.6* for contracts entered into before 1 January 2022.			From 1 January 2022	1 January 2022
6	*ICOBS 6B.2.60R*	R			This transitional rule applies to a *firm* which is required to provide an attestation under *ICOBS 6B.2.60R*.	From 1 January 2022 to 1 April 2022	1 January 2022
					The first attestation must be submitted on or before 31 March 2022.		
					The first attestation relates only to a *firm's* compliance on the date when *ICOBS 6B* comes into force (and not to a reporting period).		
7	*ICOBS 6B*	R	(1)		This transitional rule	From 1	1 Janua

				applies to a *firm* which is required to comply with*ICOBS 6B*.		January 2022 to 1 April 2022	ry 2022
			(2)	Where a *firm* so elects, it need not implement the *rules* in *ICOBS 6B* by 1 January 2022, but the *firm* must:			
				(a)	implement the *rules* by 17 January 2022; and		
				(b)	comply with paragraphs (3) and (4).		
			(3)	(a)	This paragraph applies to all *home insurance* and *motor insurance* renewal notices prepared between 1 January 2022 and 16 January		

					2022 inclusive.		
				(b)	A *firm* must by 28 February 2022 calculate the *equivalent new business price* in accordance with *ICOBS 6B* for all renewal notices that this paragraph applies to which were accepted by the *customer*.		
				(c)	Where the *equivalent new business price* is lower than the price the *customer* was		

					offered to *renew* their product, the *firm* must automatically repay the difference between what the *customer* actually paid and what the *customer* should have paid to the *customer*, using, wherever practical, the same method as the *customer* used to pay for the *policy*.		
				(4)	The first attestation provided by a *firm* under *ICOBS 6B.2.60R* and *ICOBS TP. 2.6R* must include the following:		

				(a)	a statement of whether the *firm* made the election in this transitional *rule*;		
				(b)	if the *firm* made the election, a statement that the *firm* has made all repayments required by this transitional *rule*; and		
				(c)	if the *firm* made the election, the number of *customers* affected and total amount of repayments made.		
8	*ICOBS*	R	(1)	This transitional *rule*		From 1	1 Janua

	6.2.6R and *ICOBS 6.5.1R*.			applies to a *firm* which is required to comply with *ICOBS 6.2.6R* or *ICOBS 6.5.1R*.		January 2022 to 1 March 2022	ry 2022
			(2)	Where a *firm* so elects, it need not comply with the rules in *ICOBS 6.2.6R* or *ICOBS 6.5.1R* by 1 January 2022, but the *firm* must:			
				(a)	implement the rules by 17 January 2022; and		
				(b)	comply with paragraph (3).		
			(3)	(a)	This paragraph applies to all communications sent to *customers* between 1 January 2022 and 16 January 2022 inclusive, except comm		

					unications sent in connection with private health or medical insurance and pet insurance.		
				(b)	A *firm* must, by 28 February 2022, provide the information required by *ICOBS 6.2.6R* and *ICOBS 6.5.1R* to all *customers* of the *firm* who hold a current *policy* with the *firm* but who did not receive the required information becau		

					se the *firm* made the election under paragraph (2).		
				(c)	The information must be provided in writing or another *durable medium*.		

CHAPTER

ICOBS Sch 1 Record keeping requirements

Section : ICOBS Sch 1 Record keeping requirements

ICOBS Sch 1

Notes	
1	The aim of the *guidance* in the following table is to give the reader a quick overall view of the relevant record keeping requirements.
2	It is not a complete statement of those requirements and should not be relied on as if it were.

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
ICOBS 1 Annex 1 G, Part 2 3.1R(3)	Record of election to comply with *COBS rules* for pure protection policies (including amendment or reversal)	Date of election and precise description of parts of the *firm's* business that will comply with *COBS* provisions	Not specified	Indefinitely
ICOBS 5.1.3B R	[deleted]			
ICOBS 5.3.2B R	[deleted]			
ICOBS 6B.2.51R, *ICOBS 6B.2.52R* and	Record of compliance with non-discrimination requirements and treatment of existing *customer* requirements	Details of the *firm's* assessments and controls that ensure that the *firm* is not systematically discriminating against *customers* of longer *tenure* and that its treatment of existing *customers* is in their best interests	Not specified	Not specified

CHAPTER

ICOBS Sch 3 Fees and other required payments requirements

Section : ICOBS Sch 3 Fees and other required payments requirements

ICOBS Sch 3.1	G	There are no requirements for fees or other payments in *ICOBS*.

CHAPTER

ICOBS Sch 3 Fees and other required payments requirements

Section : ICOBS Sch 3 Fees and other required payments requirements

ICOBS Sch 3.1	G	There are no requirements for fees or other payments in *ICOBS*.

CHAPTER

ICOBS Sch 5 Rights of action for damages

Section : ICOBS Sch 5 Rights of action for damages

ICOBS Sch 5.1 G

The table below sets out the *rules* in *ICOBS* contravention of which by an *authorised person* may be actionable under Section 138D of the *Act* (Actions for damages) by a *person* who suffers loss as a result of the contravention.

ICOBS Sch 5.2 G

If a "Yes" appears in the column headed "For private person?", the *rule* may be actionable by a *private person* under Section 138D (or, in certain circumstances, his fiduciary or representative; see *article 6(2)* and *(3)(c)* of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001 (SI 2001/2256)). A "Yes" in the column headed "Removed" indicates that the *FCA* has removed the right of action under section 138D(3) of the *Act*. If so, a reference to the *rule* in which it is removed is also given.

ICOBS Sch 5.3 G

The column headed "For other person?" indicates whether the *rule* may be actionable by a *person* other than a *private person* (or his fiduciary or representative) under article 6(2) and (3) of those Regulations. If so, an indication of the type of *person* by whom the *rule* may be actionable is given.

ICOBS Sch 5.4 G

	Right of action under Section 138D			
Rule	**For *private person*?**	**Removed?**	**For other *person*?**	
All *rules* in *ICOBS* with the status letter "E"	No	No	No	
Any *rule* in *ICOBS* which prohibits an *authorised person* from seeking to make provision excluding or restricting any duty or liability	Yes	No	Yes	Any other *person*
ICOBS 8.2.9 R	Yes	No	Yes	Any other *person*
All other *rules* in *ICOBS*	Yes	No	No	

CHAPTER

ICOBS Sch 6 Rules that can be waived

Section : ICOBS Sch 6 Rules that can be waived

ICOBS Sch 6.1 G

As a result of *section 138A* of the *Act* (Modification or waiver of rules) the *FCA* has power to waive all its *rules*, other than *rules* made under section 137O (Threshold condition code), section 247 (Trust scheme rules), section 248 (Scheme particular rules), section 261I (Contractual scheme rules) or section 261J (Contractual scheme particulars rules) of the *Act*.