

Chapter 6A

Product specific rules



6A.1 Guaranteed asset protection (GAP) contracts

Application

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*.

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*.

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

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.

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

Deferred opt-in for GAP contracts

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.

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.

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.