

## Chapter 6B

# Home insurance and motor insurance pricing



**6B.1 Application and purpose**

**What?**

**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*.

**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*.

**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**

**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**

**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.

**6B.1.5**

**G**

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