

**INSURANCE (INFORMATION DISCLOSURE FOR RENEWALS)
INSTRUMENT 2016**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2017.

Amendments to the Handbook

- D. The Insurance: Conduct of Business sourcebook (ICOBS) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Insurance (Information Disclosure for Renewals) Instrument 2016.

By order of the Board
28 July 2016

Annex

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex, underlining indicates new text.

6 Product Information

6.1 General

...

Group policies

6.1.12 R ...

Renewals

6.1.12A R (1) This rule 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 rule, '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.

(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.

6.1.12B 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:

- (a) the adequacy of its records so it may fulfil its regulatory and statutory obligations; and
- (b) the sufficiency of its records to enable the *FCA* to monitor the *firm’s* compliance with the requirements under the *regulatory system*.

...

**6 Annex Responsibilities of insurers and insurance intermediaries in certain situations
1R**

...

	Situation	<i>Insurance intermediary’s</i> responsibility	<i>Insurer’s</i> responsibility
...			
(6)	<u>Where <i>ICOBS</i> 6.1.12AR applies</u>	<u>Production and providing, as appropriate, where dealing with a <i>consumer</i> on renewal</u>	<u>Production and providing, as appropriate, where dealing with a <i>consumer</i> on renewal</u>