

**VALUE MEASURES REPORTING AND MONITORING (AMENDMENT)
INSTRUMENT 2021**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following sections of the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance); and
 - (2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 17 December 2021.

Amendments to the Handbook

- D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Value Measures Reporting and Monitoring (Amendment) Instrument 2021.

By order of the Board
16 December 2021

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

16 Reporting requirements

...

16.27 General insurance value measures reporting

...

Requirement to submit a value measures report

...

16.27.9 R *Firms* must comply with the following in relation to the table in SUP 16.27.8R:

(1) ...

(2) the exception to (1) is in relation to *policies* which include a legal expenses product element (after the event or before the event legal expenses, as described in SUP 16 Annex 48R), where the *insurer* of the legal expenses element must separately report the value measures data for the legal expenses element; and

(3) ...

...

16 Annex Products covered by the reporting requirement in SUP 16.27.7R 48R

Product	Product definition
<u>After the event legal expenses</u>	<u>contracts of insurance (or cover within a policy), taken out in relation to an event that has already occurred, to provide cover against the risks of loss to the persons insured attributable to their incurring legal expenses, including costs of litigation in relation to that event.</u>
Alloy wheel insurance	...

<p><u>Before the event legal expenses</u></p>	<p><i>contracts of insurance</i> (or cover within a <i>policy</i>), taken out in relation to a potential future event or events, to provide cover against the risks of loss to the persons insured attributable to their incurring legal expenses, including costs of litigation.</p>
<p>...</p>	
<p>Legal expenses</p>	<p><i>contracts of insurance</i> (or cover within a <i>policy</i>) against the risks of loss to the persons insured attributable to their incurring legal expenses including costs of litigation.</p>
<p>...</p>	

16 Annex 48AR Value measures report form (REP019)

REP019- Value measures report

Year ended 31/12/XXXX
FRN Number

- 1 Reporting period covered by this report
- 2 Is this the first report or restatement?
- 3 Reporting Firm
- 4 Please confirm that the reporting firm understands that the FCA produces and publishes guidance that contains the value measures data information that the firm submitted to the FCA
- 5 Please confirm that the reporting firm has informed any other firm to whom the relevant value measures information data relate that the FCA publishes the guidance

Product category	Add-on or stand-alone or all	Distribution arrangement	Number of policy sales to UK consumers	Total retail premiums (£'000)	Number of claims registered	Average number of policies in force	Claims frequency	Number of claims where all or part of the claim has been accepted and a pay-out has been made (and the claim is closed at the year-end)	Number of claims that have been rejected in the year	Claims acceptance rate	Total claims pay-out cost (for claims where all or part of the claim has been accepted and a pay-out has been made and the claim is closed at the year-end)	Average claims pay-out	The amount of claim payouts are above	Number of claim walkaways	Number of claims complaints	Claims complaints as a % of claims
			Number	£'000	Number	Number	%	Number	Number	%	£'000	£	£	Number	Number	%
After the event legal expenses	All	Names of five largest distribution arrangements														
Alloy wheel insurance	...															
Before the event legal expenses - home	All	Names of five largest distribution arrangements														
Before the event legal expenses - motor	All	Names of five largest distribution arrangements														
Before the event legal expenses - other	All	Names of five largest distribution arrangements														
...																
Identity Theft	...															
Key cover	Add-on	Names of five largest distribution arrangements														
Key cover	Stand-alone	Names of five largest distribution arrangements														

Amend the following as shown.

TP 1 Transitional provisions

...

TP 1.2

(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
...					
22	...				
<u>23</u>	<u>SUP 16.27.12</u>	<u>R</u>	<u>When reporting data on legal expenses, a firm can choose whether the first value measures report to be provided on 28 February 2022 uses the form and format set out in:</u>	<u>From 17 December 2021 to 1 March 2022</u>	<u>1 July 2021</u>
			(1) <u>SUP 16 Annex 48AR where after the event and before the event legal expenses insurance is reported as separate product categories; or</u>		
			(2) <u>instrument FCA 2020/40, where both after the event and before the event legal expenses insurance is reported together under the same product category 'legal expenses', as defined in instrument FCA 2020/40.</u>		

<u>24</u>	<u>SUP</u> <u>16.27.12</u>	<u>G</u>	<u>Instrument FCA 2020/40</u> <u>defines ‘legal expenses’ as</u> <u><i>contracts of insurance</i> (or</u> <u>cover within a <i>policy</i>) against</u> <u>the risks of loss to the persons</u> <u>insured attributable to their</u> <u>incurring legal expenses</u> <u>including costs of litigation.</u>		
-----------	-------------------------------	----------	--	--	--