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<td>Sch 6</td>
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</table>
Chapter 1

Application
1.1 The general application rule

The general application rule

1.1.1 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:

1.1.1.1 an insurance distribution activity;
1.1.1.2 effecting and carrying out contracts of insurance;
1.1.1.3 managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's;
1.1.1.4 communicating or approving a financial promotion;

and activities connected with them.

Modifications to the general application rule

1.1.2 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).

1.1.3 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.

Guidance

1.1.4 Guidance on the application provisions is in ICOBS 1 Annex 1 (Part 4).
Application (see ICOBS 1.1.2 R)

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 authorised professional 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);

   (3) general information disclosure requirements in relation to complaints procedures (see ICOBS 4.1); and

   (4) provisions implementing 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 2.5.-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 provisions of 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.
Part 1: Who?
Modifications to the general application rule according to type of firm

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)</td>
<td>However, if the appointed representative is acting as the insurer's third party processor then:</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>this rule is subject to the third party processors rule (see paragraph 1.1R); and</td>
</tr>
<tr>
<td>(b)</td>
<td>the insurer is not required to ensure that the appointed representative complies with the rules in this sourcebook on commission disclosure (see ICOBS 4.4).</td>
</tr>
</tbody>
</table>

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
6.1 R The Society must ensure that no member carries on motor vehicle liability insurance business at Lloyd’s unless a claims representative has been appointed to act for that member in each EEA State other than the United Kingdom, with responsibility for handling and settling a claim by an injured party. Otherwise, this sourcebook does not apply to the Society.

Part 2: What?
Modifications to the general application rule according to activities

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<tbody>
<tr>
<td>1</td>
<td>Reinsurance</td>
</tr>
<tr>
<td>1.1</td>
<td>R This sourcebook does not apply to activities carried on in relation to a reinsurance contract.</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>[Note: recital 51 to the IDD]</td>
</tr>
<tr>
<td>2</td>
<td>Contracts of large risks</td>
</tr>
<tr>
<td>2.1</td>
<td>R Subject to Part 3 of this Annex:</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td>where the risk is located outside the European Economic Area; this sourcebook does not apply to a firm distributing a contract of large risks</td>
</tr>
<tr>
<td>(2)</td>
<td>only ICOBS 2 (General matters) and ICOBS 6A.3 (Cross-selling) apply to a firm distributing a contract of large risks for a commercial customer where the risk is located within the European Economic Area; and</td>
</tr>
<tr>
<td>(3)</td>
<td>the IPID requirement in ICOBS 6.1.10AR (How must IPID information be provided?) and ICOBS 6 Annex 3R (Providing product information by way of a standardised insurance information document) do not apply to a firm distributing a contract of large risks.</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>[Note: article 22(1) of the IDD]</td>
</tr>
<tr>
<td>2.2</td>
<td>G Principle 7 continues to apply so 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 given to each policyholder.</td>
</tr>
<tr>
<td>2.3</td>
<td>R ICOBS 6.2.3 R does not apply to contracts of large risks.</td>
</tr>
<tr>
<td></td>
<td>[Note: article 184(1) of the Solvency II Directive]</td>
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<tr>
<td>3</td>
<td>Pure protection contracts: election to apply COBS rules</td>
</tr>
<tr>
<td>3.1</td>
<td>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.</td>
</tr>
</tbody>
</table>
Part 2: What?
Modifications to the general application rule according to activities

1. (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.

2. (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.

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.

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

1. EEA territorial scope rule: compatibility with European law
1.1 R (1) The territorial scope of this sourcebook is modified to the extent necessary to be compatible with European law (see Part 4 for guidance on this).
   (2) This rule overrides any other rule in this sourcebook.

1.2 R In addition to the EEA territorial scope rule, the effect of the E-Commerce Directive on territorial scope is applied in the fields covered by the ‘derogations’ in the Annex to that Directive other than the ‘insurance derogation’ in the fourth indent (see paragraph 8 of Part 4 for guidance on this).
   [Note: article 3(3) of, and Annex to, the E-Commerce Directive]

2. Exemption for insurers: business with non-EEA 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, an EEA State.

3. Exemption for insurers: business with non-UK EEA customers
3.1 R A rule in this sourcebook which goes beyond the minimum required by EU legislation does not apply to an insurer if the customer is habitually resident in (and, if applicable, the State of the risk is) an EEA State other than the United Kingdom, to the extent that the EEA State in question imposes measures of like effect.

Part 4: Guidance

1. The main extensions and restrictions to the general application rule
1.1 G The general application rule is modified in Parts 1 to 3 of this Annex and in certain chapters of this sourcebook.

1.2 G The provisions of the Single Market Directives and other directives also extensively modify the general application rule, particularly in relation to territorial scope. However, for the majority of circumstances, the general application rule is likely to apply.

2. The Single Market Directives and other directives
2.1 G This guidance provides a general overview only and is not comprehensive.
2.2 When considering the impact of a directive on the territorial application of a rule, a firm will first need to consider whether the relevant situation involves a non-UK element. The EEA territorial scope rule is unlikely to apply if a UK firm is doing business from a UK establishment for a client located in the United Kingdom in relation to a UK product. However, if there is a non-UK element, the firm should consider whether:

(1) it is subject to the directive;
(2) the business it is performing is subject to the directive; and
(3) the particular rule is within the scope of the directive.

If the answer to all three questions is ‘yes’, the EEA territorial scope rule may change the effect of the general application rule.

2.3 When considering a particular situation, a firm should also consider whether two or more directives apply.

3 Insurance Distribution Directive: effect on territorial scope

3.1 The IDD’s scope covers most firms carrying on most types of insurance distribution.

3.2 The rules in this sourcebook within the Directive’s scope are those implementing the minimum requirements in articles 1(4), 17, 18, 19, 20, 23 and 24(1) to (3) and (6) of the IDD set out in:

(1) 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);

(2) ICOBS 4.1 (General requirements for insurance intermediaries and insurers), ICOBS 4.1A (Means of communicating to customers), ICOBS 4.3 (Remuneration disclosure);

(3) ICOBS 5.2 (Demands and needs), ICOBS 5.3.4R (Personalised explanation), ICOBS 5.3.3R (Advice on the basis of a fair analysis); and

(4) ICOBS 6.1 (Providing product information to customers: general) and ICOBS 4 (Information about the firm, its services and remuneration), ICOBS 5.2 (Demand and needs), ICOBS 5.3.3R (Advice on the basis of a fair analysis), ICOBS 6.1A.5R (Responsibility for producing the standardised insurance information document), ICOBS 6.1 (Providing product information to customers: general); andICOBS 6A.1.4R (Ensuring the customer can make an informed decision) and ICOBS 6A.3 (Cross-selling).

3.2A A Member State is entitled to impose additional requirements within the Directive’s scope in the ‘general good’. (See recital 52 to, and article 22 of, the IDD.)

3.2B The additional requirements within the scope of the IDD and found in this sourcebook are those that:

(1) deal with communication to customers and financial promotions, the customer’s best interests rule and additional responsibilities of insurance distributors (see ICOBS 2.2.2R, ICOBS 2.2.2AR, ICOBS 2.5.1R and ICOBS 2.6); and

(2) require the provision of pre-contract information or the provision of advice on the basis of a fair and personal analysis (see ICOBS 4 (Information about the firm, its services and remuneration), ICOBS 5.2 (Demands and needs), ICOBS 5.3.3R (Advice on the basis of a fair analysis), ICOBS 6.1A.5R (Responsibility for producing the standardised insurance product information document), ICOBS 6.1 (Providing product information to customers: general); ICOBS 6A.1.4R (Ensuring the customer can make an informed decision) and ICOBS 6A.3 (Cross-selling)).

3.3 The IDD places responsibility for requirements in this sourcebook within the Directive’s scope (both minimum and additional requirements) on the Home State, except in relation to business conducted through a branch, in which case the responsibility rests with the EEA State in which the branch is located (this is sometimes referred to as a ‘country of origin’ or ‘country of establishment’ basis) (see recital 22 to, and art
Part 4: Guidance

Article 7(2) of the IDD. Accordingly the general rules on territorial scope are not modified by the IDD except:

(1) for an EEA firm providing passported activities under the Directive in the United Kingdom, additional rules within the Directive's scope have their unmodified territorial scope unless the Home State imposes measures of like effect; and

(2) for insurance distribution business carried on by insurers:

(a) minimum and additional requirements apply to a UK firm unless responsibility for any matter it covers is reserved by the Solvency II Directive to the firm’s Host State regulator; and

(b) paragraph (1), and 3.3AG, below, apply in the same way unless the responsibility for any matter it covers is reserved by the Solvency II Directive to the firm’s Home State regulator.

3.3AG An EEA firm acting as the principal of an appointed representative carrying on insurance distribution activities from an establishment in the United Kingdom is required to ensure that its appointed representative complies with this sourcebook.

4 Solvency II Directive non-life business: effect on territorial scope

4.1 The Solvency II Directive's scope covers insurers authorised under that Directive conducting general insurance business.

4.2 The rules in this sourcebook within the Solvency II Directive's scope are those requiring the provision of pre-contract information or information during the term of the contract concerning the insurer or the insurance contract (see ICOBS 2.2 (Communications to clients and financial promotions), ICOBS 6A.1.4R (Ensuring the customer can make an informed decision) and ICOBS 8 (Claims handling) except those parts of ICOBS 8.2 (Motor vehicle liability insurers) implementing the Consolidated Motor Insurance Directive.

4.3 The Solvency II Directive specifies minimum information requirements and permits EEA States to adopt additional mandatory rules. (See articles 178, 180, 183, 184 of the Solvency II Directive.)

4.4 If the State of the risk is an EEA State, the Solvency II Directive provides that the applicable information rules shall be determined by that state. Accordingly, if the State of the risk is the United Kingdom, the relevant rules in this sourcebook apply. Those rules do not apply if the State of the risk is another EEA State. The territorial scope of other rules, in particular the financial promotion rules, is not affected since the Solvency II Directive explicitly permits EEA States to apply rules, including advertising rules, in the 'general good'. (See articles 156 and 180 of the Solvency II Directive.)

5 Solvency II Directive life business: effect on territorial scope

5.1 The Solvency II Directive's scope covers long-term insurers which are Solvency II firms conducting long-term insurance business.

5.2 The rules in this sourcebook within the Directive's scope are the cancellation rules (see ICOBS 7) and those rules requiring the provision of pre-contract information or information during the term of the contract concerning the insurer or the contract of insurance (see ICOBS 2.2 (Communications to clients and financial promotions), ICOBS 6 (Product information) and ICOBS 8 (Claims handling) except ICOBS 8.2 (Motor vehicle liability insurers)).

5.3 The Directive specifies minimum information and cancellation requirements and permits EEA States to adopt additional information requirements that are necessary for a proper understanding by the policyholder of the essential elements of the commitment.

5.4 If the State of the commitment is an EEA State, the Directive provides that the applicable information rules and cancellation rules shall be laid down by that state. Accordingly, if the State of the commitment is the United Kingdom, the relevant rules in this sourcebook apply. Those rules do not apply if the State of the commitment is another EEA State. The territorial scope of other rules, in particular the financial pro-
8.2 G A key element of the Directive is the ability of a person from one EEA State to carry on an electronic commerce activity freely into another EEA State. Accordingly, the territorial application of the rules in this sourcebook is modified so that they apply at least to a firm carrying on an electronic commerce activity from an establishment.
Part 4: Guidance

8.3 G Conversely, a firm that is a national of the United Kingdom or another EEA State, carrying on an electronic commerce activity from an establishment in another EEA State with or for a person in the United Kingdom, need not comply with the rules in this sourcebook. (See article 3(1) and (2) of the E-Commerce Directive.)

8.4 G The effect of the Directive on this sourcebook is subject to the ‘insurance derogation’, which is the only ‘derogation’ in the Directive that the FCA has adopted for this sourcebook. The derogation applies to an insurer that is authorised under, and carrying on an electronic commerce activity within, the scope of the Solvency II Directive and permits EEA States to continue to apply their advertising rules in the ‘general good’.

8.5 G Where the derogation applies, the rules on financial promotion continue to apply for incoming electronic commerce activities (unless the firm’s ‘country of origin’ applies rules of like effect), but do not apply for outgoing electronic commerce activities. (See article 3(3) and Annex, fourth indent of the E-Commerce Directive; Annex to European Commission Discussion Paper MARKT/2541/03.)

8.6 G In the FCA’s view, the Directive’s effect on the territorial scope of this sourcebook (including the use of the ‘insurance derogation’):

1. is in line with the Distance Marketing Directive and the IDD;
2. overrides that of any other Directive discussed in this Annex to the extent that it is incompatible.

8.7 G The ‘derogations’ in the Directive may enable other EEA States to adopt a different approach to the United Kingdom in certain fields. (See recital 52 to the IDD, recital 6 to the Distance Marketing Directive, article 3 of, and the Annex to, the E-Commerce Directive.)
Insurance: Conduct of Business

Chapter 2

General matters
2.1 Client categorisation

Introduction

Different provisions in this sourcebook may apply depending on the type of person with whom a firm is dealing:

(1) A policyholder includes anyone who, upon the occurrence of the contingency insured against, is entitled to make a claim directly to the insurance undertaking.

(2) Only a policyholder or a prospective policyholder who makes the arrangements preparatory to him concluding a contract of insurance (directly or through an agent) is a customer. In this sourcebook, customers are either consumers or commercial customers.

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

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

Customer to be treated as consumer when status uncertain

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

(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

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

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

Application

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

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

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

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.

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

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:
 ICOBS 2 : General matters  

Section 2.2 : Communications to clients and financial promotions

(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 Consumer Protection from Unfair Trading Regulations 2008 and the Business Protection from Misleading Marketing Regulations 2008.

The reasonable steps defence

2.2.5 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.
2.3 Inducements

2.3.1 (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:

(a) Principles 1 and 6 to act with integrity and treat customers fairly; and

(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.
2.4 Record-keeping

2.4.1

(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.
2.5 Acting honestly, fairly and professionally, exclusion of liability, conditions and warranties

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]

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.

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.

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.
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

(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

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.
2.6 Distribution of connected contracts through exempt persons

2.6.1 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.

(1) 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]

2.6.2 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.
Chapter 3

Distance communications
Application

3.1.1 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 or another EEA State.

Guidance on the Distance Marketing Directive

3.1.2 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

3.1.3 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]

3.1.4 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).

3.1.5 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]

3.1.6 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]

3.1.7 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

3.1.8 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]

3.1.9 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

3.1.10 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

3.1.11 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

3.1.12 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]

3.1.13 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

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

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

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

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

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]
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 EEA, 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 one or more EEA States.

[Note: articles 12 and 16 of the Distance Marketing Directive]
3.2 E-Commerce

Application

3.2.1 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 United Kingdom or another EEA State.

Information about the firm and its products or services

3.2.2 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, or a person regulated by the equivalent of a designated professional body in another EEA State:
   (a) the name of the professional body (including any designated professional body) or similar institution with which it is registered;
   (b) the professional title and the EEA State where it was granted;
   (c) a reference to the applicable professional rules in the EEA State of establishment 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]

3.2.3 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]
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]

An unsolicited commercial communication sent by e-mail by a firm established in the United Kingdom 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

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]

3.2.7 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

3.2.8 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]
Guidance on the Distance Marketing Directive

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 customer to deal 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 does the Directive apply to insurance intermediaries' services?

The FCA expects 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 Directive would and would not apply to insurance intermediaries' services?

The rules implementing 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 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 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.
Distance marketing information

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 consumer's EEA State of residence, 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 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. |
## Distance marketing information

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<tr>
<td>(15)</td>
<td>Practical instructions for exercising any right to cancel, including the address to which any cancellation notice should be sent.</td>
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<tr>
<td>(16)</td>
<td>The <em>EEA State</em> or <em>States</em> whose laws are taken by the <em>firm</em> as a basis for the establishment of relations with the <em>consumer</em> prior to the conclusion of the contract.</td>
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<tr>
<td>(17)</td>
<td>Any contractual clause on law applicable to the contract or on the competent court, or both.</td>
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<tr>
<td>(18)</td>
<td>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 <em>firm</em>, with the agreement of the <em>consumer</em>, undertakes to communicate during the duration of the contract.</td>
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### Redress

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<td>(19)</td>
<td>How to complain to the <em>firm</em>, whether complaints may subsequently be referred to the <em>Financial Ombudsman Service</em> and, if so, the methods for having access to it, together with equivalent information about any other applicable named complaints scheme.</td>
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<td>(20)</td>
<td>Whether compensation may be available from the <em>compensation scheme</em>, or any other named compensation scheme, if the <em>firm</em> is unable to meet its liabilities, and information about any other applicable named compensation scheme.</td>
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[Note: Recitals 21 and 23 to, and article 3(1) of, the *Distance Marketing Directive*]
Abbreviated distance marketing information

This Annex belongs to ■ ICOBS 3.1.14 R

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<tr>
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<th>Abbreviated distance marketing information</th>
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<tr>
<td>(1)</td>
<td>The identity of the <em>person</em> in contact with the <em>consumer</em> and his link with the <em>firm</em>.</td>
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<tr>
<td>(2)</td>
<td>A description of the main characteristics of the financial service.</td>
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<td>(3)</td>
<td>The total price to be paid by the <em>consumer</em> to the <em>firm</em> for the financial service including all taxes paid through the <em>firm</em> or, when an exact price cannot be indicated, the basis for the calculation of the price enabling the <em>consumer</em> to verify it.</td>
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<td>(4)</td>
<td>Notice of the possibility that other taxes or costs may exist that are not paid through the <em>firm</em> or imposed by it.</td>
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<td>(5)</td>
<td>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 <em>consumer</em> may be required to pay (or which may not be returned to the <em>consumer</em>) on the basis of those rules.</td>
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<td>(6)</td>
<td>That other information is available on request and what the nature of that information is.</td>
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[Note: article 3(3)(b) of the Distance Marketing Directive]
Chapter 4

Information about the firm, its services and remuneration
4.1 General requirements for insurance intermediaries and insurers

Application: who?

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 Principle 7

To comply with the customer’s best interests rule and Principle 7 (Communications with clients) 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

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

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.

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

(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]

Where the firm has given information in ICOBS 4.1.6R(1) 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.

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

(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.

[deleted]
4.1A Means of communication to customers

Application

4.1.1 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

4.1.2 (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 State of the risk 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]

4.1.3 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]

4.1.4 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.

4.1.5 (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.

### 4.1A.6

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

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]
4.2 Additional requirements for protection policies for insurance intermediaries and insurers

Application: what?

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

Ensuring customers can make an informed decision

4.2.2 G [deleted]

4.2.3 G [deleted]

Disclosing the limits of the service provided

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

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]

4.2.6 **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).
4.3 Remuneration disclosure

Remuneration disclosure: insurance intermediaries

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

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

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

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.

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, overrides or other enhanced commissions.

4.3.2 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]

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

Fee disclosure: additional requirements

(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]

4.3.2 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]
4.4 Commission disclosure for commercial customers

Commission disclosure rule

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.

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.

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.
4.6 Commission disclosure for pure protection contracts sold with retail investment products

4.6.1 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.

4.6.2 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.

4.6.3 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.

4.6.4 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.

4.6.5 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.
Initial disclosure document [deleted]
Chapter 5

Identifying client needs and advising
5.1 General

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

5.1.1 G
(1) In line with Principle 6, a firm should take reasonable steps to ensure that a customer only buys a policy under which he is eligible to claim benefits.

(2) If, at any time while arranging a policy, a firm finds that parts of the cover apply, but others do not, it should inform the customer so he can take an informed decision on whether to buy the policy.

(3) This guidance does not apply to policies arranged as part of a packaged bank account.

Eligibility to claim benefits: payment protection contracts

5.1.2 R
(1) A firm arranging a payment protection contract must:
   (a) take reasonable steps to ensure that the customer only buys a policy under which he is eligible to claim benefits; and
   (b) if, at any time while arranging the policy, it finds that parts of the cover do not apply, inform the customer so he can take an informed decision on whether to buy the policy.

(2) This rule does not apply to payment protection contract arranged as part of a packaged bank account.

5.1.3 G
(1) For a typical payment protection contract the reasonable steps required in the first part of the eligibility rule are likely to include checking that the customer meets any qualifying requirements for different parts of the policy.

(2) This guidance does not apply to payment protection contracts arranged as part of a packaged bank account.

Eligibility to claim benefits: policies arranged as part of a packaged bank account

5.1.3A R
A firm arranging policies as part of a packaged bank account must:

(1) take reasonable steps to establish whether the customer is eligible to claim each of the benefits under each policy included in the packaged bank account which must include checking that the customer meets
any qualifying requirements to claim each of the benefits under each policy; and

(2) inform the customer whether or not he would be eligible to claim each of the benefits under each policy included in the packaged bank account so that the customer can take an informed decision about the arrangements proposed.

5.1.3B A firm must make a record of the eligibility assessment and, if the customer proceeds with the arrangements proposed, retain it for a minimum period of three years from the date on which the assessment was undertaken.

5.1.3C (1) Throughout the term of a policy included in a packaged bank account, a firm must provide the customer with an eligibility statement, in writing, on an annual basis. This statement must set out any qualifying requirements to claim each of the benefits under the policy and recommend that the customer reviews his circumstances and whether he meets these requirements.

(2) Where a customer has reached an age limit on claiming benefits under a travel insurance policy included in a packaged bank account (or will reach an age limit before the next annual statement is due), a firm must state this clearly and prominently in the statement and on an annual basis thereafter.

(3) The statement (provided under 5 ICOBS 5.1.3C R (1)) must not:
   - include any information other than that required under this rule; or
   - form part of another document provided to the customer by the firm; or
   - be included in the same mailing as any other document provided to the customer by the firm.

Disclosure

5.1.4 A firm should bear in mind the restriction on rejecting claims (5 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.
5.2 Demands and needs

Application: who? what?

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

Demands and needs

5.2.2 (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]

5.2.2A 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.

5.2.2B 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]

5.2.2C 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.

5.2.2D 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]

5.2.3 [deleted]
Format of the statement of demands and needs: non-advised sales

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

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]
5.3 Advised sales

Suitability

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.

Suitability guidance for protection policies

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

   (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 in which the customer is interested;

   (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

   (c) inform the customer of any demands and needs that are not met.

   (2) This guidance does not apply to payment protection contracts or pure protection contracts included in a packaged bank account.

Suitability of advice on policies included in a packaged bank account

5.3.2A R In taking reasonable care to ensure the suitability of advice on a policy included in a packaged bank account, a firm must:

   (1) 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 in which the customer is interested;

   (2) take reasonable steps to establish whether each policy included in the packaged bank account 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;
(3) inform the customer of any demands and needs that are not met; and

(4) explain to the customer its recommendation and the reasons for the recommendation.

5.3.2B A firm must make a record of the suitability assessment, the recommendation given and the reasons for the recommendation and, if the customer proceeds with the recommendation, retain it for a minimum period of three years from the date on which the recommendation was made.

Advice on the basis of a fair analysis

5.3.3 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

5.3.4 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

5.3.5 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]
Responsibilities for producing and providing information as between insurers and insurance intermediaries: general

6.1.1 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.

6.1.2 If there is no insurance intermediary, the insurer is responsible for producing and providing the information.

6.1.3 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.

6.1.4 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

6.1.5 The IPID must be drawn up by the manufacturer of the policy.

[Note: article 20(6) of the IDD]
Ensuring customers can make an informed decision: the appropriate information rule

6.1.5  [deleted]

(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]
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.

[deleted]

What level of information needs to be provided?

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]

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 for commercial customers

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).
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?

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]

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?

(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 Principle 7

To comply with the customer’s best interest rule and Principle 7 (communication with clients) a firm should:

(1) include consideration of the information needs of the customers including:
(a) what they need to understand the relevance of any information provided by the firm; and
(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 Principle 7 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?

(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.

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.
6.2 Pre-contract information: general insurance contracts

Application: what?

This section applies in relation to a general insurance contract.

Solvency II Directive disclosure requirements

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]

6.2.3 (1) An EEA firm must inform a customer, before any commitment is entered into, of the EEA 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]

6.2.4 An EEA firm 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

6.2.5 (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.
6.3 Pre- and post-contract information: pure protection contracts

Solvency II Directive disclosure requirements

(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 EEA 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]

6.3.2 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**

6.3.3 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]

6.3.4 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]
6.4 Pre- and post-contract information: protection policies

Application: what?

This section applies in relation to a payment protection contract or a pure protection contract except as otherwise stated.

Oral sales: ensuring customers can make an informed decision

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.

6.4.3

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

6.4.4

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

Complaints and compensation information

6.4.4A

In relation to a payment protection contract, a firm must provide a consumer with information about:

- how the consumer can complain to the insurance undertaking and that complaints may subsequently be referred to the Financial
Ombudsman Service (or other applicable named complaints scheme); and

the consumer’s entitlement to compensation from the compensation scheme (or other applicable compensation scheme), or that there is no compensation scheme, in the event where the insurance undertaking is unable to meet its liabilities;

in good time before the conclusion of the policy.

### Payment protection contracts: importance of reading documentation

6.4.5

1. **A firm** must draw a consumer’s attention to the importance of reading payment protection contract documentation before the end of the cancellation period to check that the policy is suitable for the consumer.

2. This must be done orally if a firm provides information orally on any main characteristic of a policy.

### Price information: general

6.4.6

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

6.4.7

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.

6.4.8

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

6.4.9

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

6.4.10 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 Principle 7, a firm should ensure that this element of price information is not undermined by any information given orally.

Mid-term changes

6.4.11 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.

6.4.12 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.
6.5 Renewals

(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.

(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)(iii)): “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.

6.5.2 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*.

6.5.3 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).
Means of communication

6.6.1 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]
Responsibilities of insurers and insurance intermediaries in certain situations

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).

<table>
<thead>
<tr>
<th>Situation</th>
<th>Insurance intermediary's responsibility</th>
<th>Insurer's responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Insurance intermediary operates from UK establishment</td>
<td>Production and providing</td>
<td>None</td>
</tr>
<tr>
<td>Insurer does not operate from UK establishment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Insurance intermediary does not operate from UK establishment</td>
<td>None</td>
<td>Production and providing</td>
</tr>
<tr>
<td>Insurer operates from UK establishment</td>
<td></td>
<td>(but for pure protection contracts no policy summary is required unless the insurance intermediary does not operate from a UK establishment)</td>
</tr>
<tr>
<td>Customer habitually resident in the EEA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) As (2) but customer habitually resident outside the EEA and insurer not in contact with the customer</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>(4) As (2) but customer habitually resident outside the EEA and insurer in contact with the customer</td>
<td>None</td>
<td>Production and providing</td>
</tr>
<tr>
<td>(5) Insurance intermediary does not operate from UK establishment</td>
<td>None</td>
<td>Production and providing</td>
</tr>
<tr>
<td>Insurer does not operate from UK establishment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6) Where ICOBS 6.5.1R applies</td>
<td>Production and providing, as appropriate, where dealing with a consumer on renewal</td>
<td>Production and providing, as appropriate, where dealing with a consumer on renewal</td>
</tr>
</tbody>
</table>
Policy summary (pure protection contracts and / or commercial customers)

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

<table>
<thead>
<tr>
<th>1</th>
<th>Format</th>
<th>1.1 R</th>
<th>A policy summary must be in writing or another durable medium.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(1) 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) A policy summary must be in writing or another durable medium.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2 G</td>
<td>The quality and presentation standard of a policy summary should be consistent with that used for other policy documents.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3 G</td>
<td>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).</td>
</tr>
<tr>
<td>2</td>
<td>Content</td>
<td>2.1 R</td>
<td>A policy summary must contain the information in the table below and no other information.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Policy summary content</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Statement that the policy summary does not contain the full terms of the policy, which can be found in the policy document.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Name of the insurance undertaking.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Type of insurance and cover.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Significant features and benefits.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Significant or unusual exclusions or limitations, and cross-references to the relevant policy document provisions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Duration of the policy.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• A statement, where relevant, that the consumer may need to review and update the cover periodically to ensure it remains adequate.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Price information (optional).</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Existence and duration of the right of cancellation (other details may be included).</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contact details for notifying a claim.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 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).</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2 G</td>
<td>A policy summary should properly describe the policy but, in line with Principle 7, should not overload the consumer with detail.</td>
</tr>
</tbody>
</table>
### Significant or unusual exclusions or limitations

| 3 | 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 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>R</td>
<td>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]’.</td>
</tr>
</tbody>
</table>
Providing product information by way of a standardised insurance information document:

[Note: the IDD IPID Regulation is directly applicable to IDD insurance intermediaries, IDD insurance undertakings and IDD ancillary insurance intermediaries.] This annex belongs to ICOBS 6.1.10AR.

1 Effect of provisions marked ‘EU’

1.1 R (1) Provisions in this section marked “EU” apply in relation to a firm to which the IPID Regulation is not directly applicable, as if they were rules.

(2) In this annex, a word or phrase found in a provision marked “EU” and referred to in column (1) of the table below has the meaning indicated in the corresponding row of column (2) of the table.

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Directive (EU) 2016/97”</td>
<td>IDD</td>
</tr>
<tr>
<td>“durable medium”</td>
<td>durable medium</td>
</tr>
<tr>
<td>“insurance product”</td>
<td>a policy (other than a pure protection contract)</td>
</tr>
<tr>
<td>“manufacturer”</td>
<td>manufacturer</td>
</tr>
<tr>
<td>“non-life insurance product”</td>
<td>a policy (other than a pure protection contract)</td>
</tr>
<tr>
<td>“shall”</td>
<td>must</td>
</tr>
</tbody>
</table>

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.
### Name and company logo of the manufacturer

2.4 EU 1(1) The name of the manufacturer of the non-life insurance product, the Member State where that manufacturer is registered, its regulatory status, and, where relevant, its authorisation number shall immediately follow the title ‘insurance product information document’ at the top of the first page.

2.5 EU 1(2) The manufacturer may insert its company logo to the right of the title.

[Note: article 1 of the *IDD IPID Regulation*]

### Reference to complete pre-contractual and contractual information

2.6 EU 2 The insurance product information document shall state prominently that complete pre-contractual and contractual information about the non-life insurance product is provided to the customer in other documents. That statement shall be placed immediately below the name of the manufacturer of the non-life insurance product.

[Note: article 2 of the *IDD IPID Regulation*]

### How must the IPID be presented and formatted?

3 EU 1 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 Member 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 EU 3 The insurance product information document shall be set out on two sides of A4-sized paper when printed. Exceptionally, if more space is needed, the insurance product information document 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 shall, upon request by the competent authority, be able to demonstrate that more space was needed.

[Note: article 3 of the *IDD IPID Regulation*]

### Presentation and order of content

3.3 EU 4(1) The information of the insurance product information document listed in in Article 20(8) of Directive (EU) 2016/97 shall 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 the Annex to this Regulation, using a font size with an x-height of at least 1.2 mm.

3.4 EU 4(2) The length of the sections may vary, depending on the amount of information that is to be included in each section. Information about add-ons and optional covers shall not be preceded by ticks, crosses or exclamation marks.
3.5 EU 4(3) Where the insurance product information document 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 EU 4(4) 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:

(a) ‘What is this type of insurance?’
(b) ‘What is insured?’
(c) ‘What is not insured?’
(d) ‘Are there any restrictions on cover?’
(e) ‘Where am I covered?’
(f) ‘What are my obligations?’
(g) ‘When and how do I pay?’
(h) ‘When does the cover start and end?’
(i) ‘How do I cancel the contract?’.

3.7 EU 4(5) The use of digital tools, including layering and pop-ups shall be permitted, provided that all the information referred to in Article 20(8) of Directive (EU) 2016/97 is provided in the main body of the insurance product information document and that the use of such tools does not distract the customer’s attention from the content of the main document.

Information provided through layering and pop-ups shall not include marketing or advertising material.

[Note: article 4 of the IDD IPID Regulation

Plain language

3.8 EU 5 The insurance product information document shall be drafted in plain language, facilitating the customer’s understanding of the content of that document, and shall focus on key information which the customer needs to make an informed decision. Jargon shall be avoided.

[Note: article 5 of the IDD IPID Regulation

Headings and information thereunder

3.9 EU 6(1) The sections of the insurance product information document shall have the following headings and the following information thereunder:

(a) the information on the type of insurance referred to in Article 20(8)(a) of Directive (EU) 2016/97 shall be included under the heading ‘What is this type of insurance?’, at the top of the document;
(b) the information on the main risks insured referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is insured?’. Each piece of information listed in this section shall be preceded by a green ‘tick’ symbol;
(c) the information on the insured sum referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is insured?’;
(d) the information on geographical scope, where applicable, referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘Where am I covered?’. Each piece of information listed in this section shall be preceded by a blue ‘tick’ symbol;
(e) the information on a summary of the excluded risks referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be included under the heading ‘What is not insured?’ Each piece of information in this section shall be preceded by a red ‘X’ symbol;
(f) the information on the main exclusions referred to in Article 20(8)(d) of Directive (EU) 2016/97 shall be included under the heading ‘Are there any restrictions on cover?’. Each piece of information listed in this section shall be preceded by an orange exclamation mark symbol;

(g) the information on the relevant obligations referred to in points (e), (f) and (g) of Article 20(8) of Directive (EU) 2016/97 shall be included under the heading ‘What are my obligations?’;

(h) the information on the means and duration of payment of premiums referred to in Article 20(8)(c) of Directive (EU) 2016/97 shall be included under the heading ‘When and how do I pay?’;

(i) the information on the term of the contract referred to in Article 20(8)(h) of Directive (EU) 2016/97 shall be included under the heading ‘When does the cover start and end?’;

(j) the information on the means of terminating the contract referred to in Article 20(8)(i) of Directive (EU) 2016/97 shall be included under the heading ‘How do I cancel the contract?’.

6(2) The use of sub-headings is permitted, where necessary.

[Note: article 6 of the IDD IPID Regulation]

Use of icons

310 EU 7(1) Each section shall further be headed by icons that visually represent the content of the respective section heading, as follows:

(a) the information on the main risks insured referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed by an icon of an umbrella, which shall be white on a green background or green on a white background;

(b) the information on the geographical scope of the insurance cover referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed by an icon of a globe, which shall be white on a blue background or blue on a white background;

(c) the information on excluded risks referred to in Article 20(8)(b) of Directive (EU) 2016/97 shall be headed by an icon of an X symbol within a triangle, which shall be white on a red background or red on a white background;

(d) the information on the main exclusions referred to in Article 20(8)(d) of Directive (EU) 2016/97 shall be headed by an exclamation mark (‘!’) within a triangle, which shall be white on an orange background or orange on a white background;

(e) 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, referred to in points (e), (f) and (g) of 20(8) of Directive (EU) 2016/97, respectively, shall be headed by an icon of a handshake, which shall be white on a green background or green on a white background;

(f) the information on the means and duration of payments referred to in Article 20(8)(c) of Directive (EU) 2016/97 shall be headed by an icon of coins, which shall be white on a yellow background or yellow on a white background;

(g) the information on the term of the contract referred to in Article 20(8)(h) of Directive (EU) 2016/97 shall be headed by an icon of an hourglass, which shall be white on a blue background or blue on a white background;

(h) the information on the means of terminating the contract referred to in Article 20(8)(i) of Directive (EU) 2016/97 shall be headed by an icon of a hand with an open palm on a shield, which shall be white on a black background, or black on a white background.

311 EU 7(2) All icons shall be displayed in a manner consistent with the standardised presentation format in the Annex.

312 EU 7(3) The icons referred to in paragraphs 1 and 2 may be presented in black and white where the insurance product information document is printed or photocopied in black and white.
**Xxxxxx Insurance**  
*Insurance Product Information Document*  
*Company: <Name> Insurance Company*  
*Product: <Name> Policy*

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<th><strong>When does the cover start and end?</strong></th>
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<th><strong>How do I cancel the contract?</strong></th>
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[Note: Annex to the *IDD IPID Regulation*]

[Note: article 7 of the *IDD IPID Regulation*]

Template for the standardised presentation format
6A.1 Guaranteed asset protection (GAP) contracts

Application

6A.1.1 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 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 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 (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.
6A.2 Optional additional products

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

(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) An optional additional product is a good, service or right of any description, whether or not financial in nature, that a customer may obtain (or not, as the case may be) at his or her election in connection with or alongside a non-investment insurance contract.

(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.

6A.2.2 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.

6A.2.3 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.

6A.2.4 Firms are reminded that they must ensure that their appointed representatives comply with this section ICOBS 6A.2.
6A.3 Cross-selling

Requirements where insurance is the primary product

6A.3.1 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

6A.3.2 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.

6A.3.3 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

6A.3.4 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]

6A.3.5 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]
Chapter 7

Cancellation
7.1 The right to cancel

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]

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

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]
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

7.1.5 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

7.1.6 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]
7.2 Effects of cancellation

Termination of contract

7.2.1 By exercising the right to cancel, the consumer withdraws from the contract and the contract is terminated.

Payment for the service provided before cancellation

7.2.2 (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]

7.2.3 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);
Section 7.2: Effects of cancellation

(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.

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.

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

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

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]

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

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

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 8

Claims handling
8.1 Insurers: general

8.1.1 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

8.1.2 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

8.1.2A

(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.

8.1.2B

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

8.1.3

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.]
8.2 Motor vehicle liability insurers

Application: who? what?

8.2.1 (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) in relation to claims by injured parties resulting from accidents occurring in an EEA State other than the injured party’s EEA State of residence which are caused by the use of vehicles insured through an establishment in, and normally based in, an EEA State other than the injured party’s EEA State of residence; and

(b) in relation to claims arising out of events occurring, and risks situated, in the United Kingdom, and covered by an incoming EEA firm on a services basis.

(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

8.2.2 [deleted]

8.2.2A A person carrying on, or seeking to carry on, motor vehicle liability insurance business must have a claims representative in each EEA state other than the United Kingdom.

8.2.2B An incoming EEA firm carrying on motor vehicle liability insurance business and covering UK risks on a services basis 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

8.2.3 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 EEA State where it is appointed;
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 EEA State of residence of the injured party.

[Note: article 21(1), (4) and (5) of the Consolidated Motor Insurance Directive and article 152 of the Solvency II Directive]

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

8.2.5 (1) A firm must notify to the information centres of all EEA States:

a. the name and address of the claims representative which they have appointed in each of the EEA States;

[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

8.2.6 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.
8.2.7  
(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.

8.2.8  
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

8.2.9  
(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]

8.2.10  
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.

8.2.11  
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.
8.3 Insurance intermediaries (and insurers handling claims on another insurer's policy)

Application: who?

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

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

(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

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.
8.4 Employers’ Liability Insurance

Application

8.4.1 (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:

(a) any firm solely with respect to the activities of:
   (i) carrying out contracts of insurance; or
   (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;
(b) all incoming EEA firms or incoming Treaty firms falling within (a) including those providing cross border services.

(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 SUP 16.23A;
(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 SUP 16.23A.5R; and
(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.

8.4.2 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

8.4.3 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

(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.

8.4.4A [deleted]

8.4.4B [deleted]

8.4.4C [deleted]

8.4.5 (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.

FCA notification requirements

8.4.6 A firm must:

(1) notify the FCA, within one month of falling within ICOBS 8.4.1R (2), as to whether or not it, or, if relevant, a member of the syndicates it manages, carries on business falling within ICOBS 8.4.4R (1) and, if it does, include in that notification:

(a) details of the internet address of the firm or tracing office at which the employers' liability register is made available;

(b) the name of a contact person at the firm and their telephone number or postal address, or both; and

(c) the period over which the firm or syndicate member provided cover under relevant policies or, if still continuing, the date that cover commenced; and

(d) the firm's Firm Reference Number; and

(2) ensure that the notification in (1):

(a) is approved and signed by a director of the firm; and

(b) contains a statement that to the best of the director’s knowledge the content of the notification is true and accurate.

8.4.6A A firm with potential liability under an excess policy and which satisfies the requirements in ICOBS 8 Annex 1 1.1B R must notify the FCA before the date upon which it first seeks to rely upon that rule and ensure that the requirements of ICOBS 8.4.6R (2) are satisfied in respect of this notification.

Requirement to make employers' liability register and supporting documents available

8.4.7 (1) A firm must make available:

(a) the information on the employers' liability register either:

(i) on the firm’s website at the address notified to the FCA in ICOBS 8.4.6R (1); or
(ii) by arranging for a tracing office which meets the conditions in ICOBS 8.4.9R to make the information available on the tracing office’s website; and

(b) the latest director’s certificate prepared in accordance with SUP 16.23A.5R(1) and the latest report prepared by an auditor for the purposes of SUP 16.23A.6R(1), 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 disclose 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.

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) toICOBS 8.4.9R(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) toICOBS 8.4.9R(6).

Qualifying tracing offices

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.

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 8.4.4R (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

8.4.11 R (1) A firm must notify the FCA:

(a) of any information provided to the FCA under ICOBS 8.4.6 R or ICOBS 8.4.6A R which ceases to be true or accurate; and

(b) of the new position, in accordance with the notification requirements in ICOBS 8.4.6 R;

within one month of the change.

(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;

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.

8.4.12A

(1) For the purposes of ICOBS 8.4.11R (2)(a), ICOBS 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

8.4.13

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 in respect of the insurance business transferred.

Requirement to conduct effective searches for historical policies

8.4.14

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 8.4.9R.

8.4.15

A firm must put in place a written policy for complying with ICOBS 8.4.14R 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.

8.4.16

(1) When a firm receives a request under ICOBS 8.4.14R, 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.
When a firm receives a request under ICOBS 8.4.14, 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.

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 8.4.16(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.
Employers’ liability register

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) if the following conditions are met:

(1) the firm has not been able to obtain that information solely due to failures by parties outside the firm’s control; and
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. 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.
## ICOBS TP 1
### Transitional Provisions

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
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<tbody>
<tr>
<td>1 ![FCA]</td>
<td>R In relation to a claim by an <em>injured party</em> received by a <em>motor vehicle liability insurer</em> 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 <strong>EEA State</strong> other than the <em>injured party’s EEA State of residence</em> which was caused by the use of a <em>vehicle insured through an establishment in, and normally based in, an EEA State other than the injured party’s EEA State of residence</em>.</td>
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<td>2</td>
<td>Expired</td>
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**Series of events**

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<tr>
<th>Rule</th>
<th>Description</th>
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<tr>
<td>6 ![FCA]</td>
<td>R If, for a <em>connected travel insurance intermediary</em>, 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.</td>
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<td>7</td>
<td>Expired</td>
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<td>8</td>
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<td>8A</td>
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<td>8B ![FCA]</td>
<td>R Expired</td>
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<td>8C ![FCA]</td>
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<td>9 ![FCA]</td>
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<td>10A</td>
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<td>12</td>
<td>Expired</td>
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<td>13 ![FCA]</td>
<td>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 <em>policies</em>:</td>
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</table>
(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.
ICOLS TP 2
Other Transitional Provisions

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<tr>
<td>1</td>
<td>ICOBS 4.5.1 G R Expired</td>
<td>R</td>
<td>Expired</td>
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<td>2</td>
<td>ICOBS 4.5 R Expired</td>
<td>R</td>
<td>Expired</td>
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<tr>
<td>3</td>
<td>ICOBS 6A.2.1R(1) R to (3)</td>
<td>R</td>
<td>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:</td>
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<td>(1) the automatic renewal of the agreement is on substantially the same terms. The phrase &quot;on substantially the same terms&quot; is to be interpreted in the same way as in ICOBS 6A.2.1R (10)(b) and (c).</td>
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<td>(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:</td>
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<td>(a) that the renewal of the agreement is optional;</td>
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<td>(b) that the customer may elect not to renew the agreement; and</td>
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<td>(c) of the effect of the non-renewal of the agreement, if any, on the non-investment insurance contract; and</td>
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<td>(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.</td>
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<td>4</td>
<td>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.</td>
<td>R</td>
<td>An insurer need not comply with ICOBS 2.5.2AR for contracts entered into or variations agreed before 1 August 2017.</td>
<td>From 1 August 2017</td>
<td>On 1 August 2017</td>
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</tbody>
</table>
Insurance: Conduct of Business

Schedule 1
Record keeping requirements

Sch 1 G

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.

<table>
<thead>
<tr>
<th>Handbook reference</th>
<th>Subject of record</th>
<th>Contents of record</th>
<th>When record must be made</th>
<th>Retention period</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICOBS 1 Annex 1 G, Part 2 3.1R(3)</td>
<td>Record of election to comply with COBS rules for pure protection policies (including amendment or reversal)</td>
<td>Date of election and precise description of parts of the firm’s business that will comply with COBS provisions</td>
<td>Not specified</td>
<td>Indefinitely</td>
</tr>
<tr>
<td>ICOBS 5.1.3B R</td>
<td>Eligibility</td>
<td>Details of whether the customer is eligible to claim each of the benefits under each policy included in the packaged bank account</td>
<td>Date of eligibility assessment</td>
<td>3 years</td>
</tr>
<tr>
<td>ICOBS 5.3.2B R</td>
<td>Suitability and recommendation given</td>
<td>Details of whether each policy included in the packaged bank account is suitable for the customer’s demand and needs, the recommendation given and the reasons for the recommendation</td>
<td>Date of recommendation</td>
<td>3 years</td>
</tr>
</tbody>
</table>
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Schedule 2
Notification requirements

<table>
<thead>
<tr>
<th>Sch 2.1 G</th>
<th>Matters to be notified</th>
<th>Contents of notification</th>
<th>Trigger event</th>
<th>Time allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICOBS 8.4.6 R</td>
<td>Whether or not business falling within ICOBS 8.4.4 R (1) is being carried out</td>
<td>Statement by director that, to the best of the director’s knowledge, content is true and accurate, and if relevant details of the internet address at which the employers’ liability register is made available, the firm’s contact details and the period over which the firm or syndicate member provided cover under relevant policies.</td>
<td>Firms or syndicate members carry out contracts of insurance which are general insurance contracts</td>
<td>One month</td>
</tr>
<tr>
<td>ICOBS 8.4.6A R</td>
<td>That the firm has potential liability under an excess policy and satisfies the requirements and relies on the provisions in ICOBS 8 Annex 1.1.1BR</td>
<td>A statement that the firm has potential liability under an excess policy; satisfies the requirements and relies on the provisions in ICOBS 8 Annex 1.1.1BR</td>
<td>Firm relies on ICOBS 8 Annex 1.1.1BR</td>
<td>Prior to reliance on ICOBS 8 Annex 1.1.1BR</td>
</tr>
<tr>
<td>ICOBS 8.4.11 R</td>
<td>Changes to the accuracy of the contents of the notification in ICOBS 8.4.6 R (1) or ICOBS 8.4.6A R</td>
<td>Details of the change and of the new position</td>
<td>Changes to the accuracy of a notification made under ICOBS 8.4.6 R or ICOBS 8.4.6A R</td>
<td>Within one month of the change</td>
</tr>
</tbody>
</table>
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Schedule 3
Fees and other required payments requirements

Sch 3.1 G
There are no requirements for fees or other payments in ICOBS.
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Schedule 4
Powers exercised

Sch 4.1 G [deleted]

Sch 4.2 G [deleted]
<table>
<thead>
<tr>
<th>Powers exercised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Release 39</td>
</tr>
<tr>
<td>Jun 2019</td>
</tr>
</tbody>
</table>

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Schedule 5
Rights of action for damages

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.

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.

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.

Sch 5.4 G

<table>
<thead>
<tr>
<th>Rule</th>
<th>All rules in ICOBS with the status letter &quot;E&quot;</th>
<th>All other rules in ICOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule</td>
<td>Right of action under Section 138D</td>
<td>For private person?</td>
</tr>
<tr>
<td>Rule</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td>All rules in ICOBS</td>
<td>Any rule in ICOBS which prohibits an authorised person from seeking to make provision excluding or restricting any duty or liability</td>
<td>Yes</td>
</tr>
<tr>
<td>ICOBS 8.2.9 R</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>All other rules in ICOBS</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
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Schedule 6
Rules that can be waived

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. However, if the rules incorporate requirements laid down in European directives, it will not be possible for the FCA to grant a waiver that would be incompatible with the United Kingdom’s responsibilities under those directives.