

Chapter 6A

Product specific rules

6A



6A.7 Disclosure requirements for multi-occupancy buildings insurance

Application

6A.7.1 **R** This section applies in relation to a *multi-occupancy building insurance contract*.

Purpose

- 6A.7.2 **G**
- (1) The purpose of this section is to:
 - (a) improve transparency in the *multi-occupancy building insurance contract* market; and
 - (b) enable *leaseholders* to receive clear and accessible information about the building insurance arrangements in connection with the building in which they are tenants to allow them to better understand:
 - (i) the scope of insurance cover in relation to that building; and
 - (ii) how any tenancy charges relating to the *multi-occupancy building insurance contract* have been incurred.
 - (2) The *rules* in **ICOBS 6A.7** require *firms* to produce disclosures to be provided to *leaseholders*. In the *FCA Handbook*, the term *leaseholders* will include any natural *persons* who are *policy stakeholders* or *policyholders*, who are acting outside of their trade or profession and who are liable to pay service charges in relation to tenancies for dwellings (in line with the Landlord and Tenant Act 1985) and, where relevant, a recognised tenants' association.

What information must be disclosed

- 6A.7.3 **R**
- (1) As soon as reasonably practicable after the conclusion of a *multi-occupancy building insurance contract*, and upon any subsequent renewal, a *firm* must:
 - (a) give the *customer* the information specified in (2); and
 - (b) tell the *customer* to pass a copy of this information on promptly and in full to any *leaseholder* of the building in relation to which the *multi-occupancy building insurance contract* provides cover.
 - (2) The information in (1) must include:
 - (a) a summary of the cover (in accordance with **ICOBS 6A.7.5R**);
 - (b) pricing information (in accordance with **ICOBS 6A.7.6R**);

- (c) remuneration information (in accordance with ■ ICOBS 6A.7.8R);
 - (d) (for an *insurance intermediary*) placing and shopping around information (in accordance with ■ ICOBS 6A.7.11R); and
 - (e) (for an *insurance intermediary*) conflicts of interest information (in accordance with ■ ICOBS 6A.7.14R).
- (3) Where the *firm* is in contact with, or has contact details for, a *leaseholder*:
- (a) it may meet the requirements in (1) by instead providing the information directly to the *leaseholder*; and
 - (b) where it has been made aware that the *leaseholder* has not received any information in (2) from the *customer*, it must provide the *leaseholder* with that information.

6A.7.4 G The table in ■ ICOBS 6A.7.21R sets out the responsibilities of *insurers* and *insurance intermediaries* in relation to which *firm* will be responsible for producing the information required by this section and which *firm* will be responsible for giving this information to the *customer*, or *leaseholder*, in order to meet ■ ICOBS 6A.7.3R(1).

Summary of the cover

6A.7.5 R The summary of the cover under ■ ICOBS 6A.7.3R(2)(a) must include, where applicable, the following information:

- (1) name of the *insurance undertaking* and its regulatory status;
- (2) type of insurance;
- (3) main risks insured;
- (4) summary of excluded risks;
- (5) the insured sum, together with:
 - (a) in the case of a flat, the amount for which the building containing it is insured under the *policy* and, if specified in the *policy*, the amount for which the flat is insured under it; and
 - (b) in the case of a dwelling other than a flat, the amount for which the dwelling is insured under the *policy*;
- (6) excesses;
- (7) term or duration of the *policy* including the start and end dates of the contract;
- (8) exclusions where claims cannot be made; and
- (9) significant features and benefits.

Pricing information

6A.7.6 R The pricing information required by ■ ICOBS 6A.7.3R(2)(b) must set out the total *premium* for the *policy* and include:

- (1) the amount of insurance premium tax;
- (2) the amount of value added tax; and
- (3) a breakdown of the *premium* at:
 - (a) (in the case of a flat) building level and (if specified in the *policy*) the flat; and
 - (b) (in the case of a dwelling that is not a flat) at dwelling level.

6A.7.7 **R**

- (1) For the purposes of ■ ICOBS 6A.7.6R(3), where a *firm* is unable to identify the specific amount of *premium* at building or dwelling level, the *firm* may provide an estimate of the breakdown of the *premium* for that building or dwelling.
- (2) A *firm* relying on (1) must take reasonable care when producing the estimate to ensure the *leaseholder* can rely upon the amount to understand the building or dwelling level *premium*.

Remuneration information

6A.7.8 **R**

The remuneration information required by ■ ICOBS 6A.7.3R(2)(c) must include:

- (1) the total *commission* that the *firm* and any *associate* receives; and
- (2) any remuneration or other financial incentive offered or given by the *firm* to any third party, including the *freeholder* or anyone acting on their behalf, in particular where the *firm* knows, or should be reasonably aware, that the sum will be included in the amount a *leaseholder* would be liable to pay,

in connection with the *multi-occupancy building insurance contract*.

6A.7.9 **R**

The disclosure in ■ ICOBS 6A.7.8R must be in cash terms (estimated, if necessary).

6A.7.10 **G**

The disclosure under ■ ICOBS 6A.7.8R should include all forms of remuneration or financial incentive, that would or could be received by the *firm*, its *associates* or any third party, in connection with a *multi-occupancy building insurance contract*, whether before or after the conclusion of that *policy*. This would include arrangements for sharing profits or where the remuneration is contingent on future events such as payments that rely on certain targets being met.

Placement and shopping around information

6A.7.11 **R**

The information required by ■ ICOBS 6A.7.3R(2)(d) must include:

- (1) the number of alternative *policy* quotes the *firm* obtained from:
 - (a) the *insurance undertaking* with which the *multi-occupancy building insurance contract* was taken out; and
 - (b) any other *insurance undertaking(s)*; and

- (2) an explanation of why the particular *multi-occupancy building insurance contract* taken out was consistent with the interests of both the *customer* and the *leaseholder*.

6A.7.12 R In relation to the information in ■ ICOBS 6A.7.11R(1), a *firm* must, on request from a *customer* or a *leaseholder*, provide further details about the quotes it obtained.

6A.7.13 G The explanation in ■ ICOBS 6A.7.11R(2) may be adapted according to whether the *firm* provided a *personal recommendation* in relation to the *policy* or not. It would be expected that where a *personal recommendation* has been provided, the explanation will set out why the particular *policy* was presented as suitable for the *customer*, taking into account its level of cover and cost, and relevant exclusions, excesses, limitations and conditions. Whether or not the *policy* was taken out following the provision of advice to the *customer*, the explanation should provide sufficient detail to enable the *customer* and *leaseholder* to understand why the particular *policy* was proposed.

Conflicts of interest information
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6A.7.14 R The information required in ■ ICOBS 6A.7.3R(2)(e) must include:

- (1) whether the *firm* has a direct or indirect holding representing 10% or more of the voting rights or capital in a given *insurance undertaking*;
- (2) whether a given *insurance undertaking* or its *parent undertaking* has a direct or indirect holding representing 10% or more of the voting rights or capital in the *firm*; and
- (3) whether the *firm* is representing the *customer* or is acting for and on behalf of the *insurer*.

Providing required information under ICOBS 6A.7
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6A.7.15 R

- (1) The information required by ■ ICOBS 6A.7.3R may be provided:
 - (i) in a standalone document; or
 - (i) in a combination of documents including documents provided to the *customer* for the purposes of other *ICOBS rules*.
- (2) A *firm* must ensure that the information required by ■ ICOBS 6A.7.3R, in particular when presented in a combination of documents, is:
 - (a) clear, fair and not misleading;
 - (b) accessible and easy to understand for *leaseholders*; and
 - (c) sufficiently prominent and clearly identifiable as containing key information that the *leaseholder* should read (individually and when the documents are taken together).

6A.7.16 G (1) When determining the format in which the *firm* will provide the information for the purposes of ■ ICOBS 6A.7.15R, a *firm* should

consider what a *leaseholder* needs in order to understand the relevance of any information provided by the *firm*.

- (2) In order to provide the information required in ■ ICOB 6A.7.3R, a *firm* may rely, at least in part, on the content in existing documents that are provided to the *customer* to meet disclosure requirements elsewhere in ICOB, for example the *IPID* or *policy summary*, which include that information.

Means of communication

6A.7.17 **R**

- (1) The information in ■ ICOB 6A.7 must be given on paper or another *durable medium* in accordance with ■ ICOB 4.1A (Means of communication to customers).
- (2) A *firm* must use reasonable endeavours to ensure any election of the medium in which the information is to be provided is appropriate for the *leaseholders* receiving the information.

Receiving and responding to queries from customers and leaseholders

6A.7.18 **R**

Where a *firm* is contacted by a *customer* or *leaseholder* in relation to the information required to be provided by any of the *rules* in ■ ICOB 6A.7, it must:

- (1) respond promptly; and
- (2) provide good outcomes-focused support that is appropriate given the nature of the query, including by providing:
 - (a) an appropriate level of information to meet their needs;
 - (b) information that is:
 - (i) clear, fair and not misleading; and
 - (ii) accessible and easy to understand; and
 - (c) the information required under ■ ICOB 6A.7.3R where this has not been passed on to a *leaseholder*.

6A.7.19 **G**

- (1) When considering the good outcomes in ■ ICOB 6A.7.18R(2) in relation to a query from a *leaseholder*, a *firm* should consider the purpose of the *policy* and the interests of the *leaseholders*.
- (2) Where the *firm* receiving the query considers that another *firm* is better placed to provide a response (for example, due to that other *firm* having been responsible for producing the information to which the query relates), it should take all reasonable steps to refer the query to that other *firm* and reasonably support the *leaseholder* in obtaining a response.
- (3) Where a *firm* receives a query from a *leaseholder*, it should not create or rely on unreasonable barriers to responding to that query. In particular, where the *leaseholder* asserts that it has not received the information in ■ ICOB 6A.7.3R, ■ ICOB 6A.7.3R(3) requires the *firm* to provide this information proactively, and not wait to be asked for it

or refer the *leaseholder* to the *customer*. This includes providing the information to the *leaseholder* regardless of whether a *customer* is purporting to withhold consent to the required information being passed to a *leaseholder*.

Production and provision of information: responsibilities of insurers and insurance intermediaries

6A.7.20 **R** Where a *firm* is responsible for producing information required by the *rules* in ■ ICOBS 6A.7 as set out in ■ ICOBS 6A.7.21R but is not in contact with the *customer* (or its representative), it must provide that information to the relevant *insurance intermediary* in contact with the *customer*.

6A.7.21 **R** The table in this *rule* sets out the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this section in order to meet ■ ICOBS 6A.7.3R(1).

Requirement	Item of disclosure	Production	Providing to customer
ICOBS 6A.7.3R(2)(a)	Summary of the cover	<i>Insurer</i>	<i>Firm</i> in contact with <i>customer</i>
ICOBS 6A.7.3R(2)(b)	Pricing information	<i>Insurer</i>	<i>Firm</i> in contact with <i>customer</i>
ICOBS 6A.7.3R(2)(c)	Remuneration information	Any <i>insurance intermediary</i> involved with the distribution	<i>Firm</i> in contact with <i>customer</i>
ICOBS 6A.7.3R(2)(d)	Placing and shopping around information	<i>Insurance intermediary</i> in contact with the <i>customer</i>	<i>Firm</i> in contact with <i>customer</i>
ICOBS 6A.7.3R(2)(e)	Conflicts of interest information	<i>Insurance intermediary</i>	<i>Firm</i> in contact with <i>customer</i>

Responsibilities of insurers and insurance intermediaries in certain situations

6A.7.22 **R** The table in this *rule* modifies the *rule* in ■ ICOBS 6A.7.21R on the responsibilities of *insurers* and *insurance intermediaries* for producing and providing to a *customer* the information required by this section.

	Situation	Insurance intermediary's responsibility	Insurer's responsibility
(1)	<i>Insurance intermediary</i> operates from an establishment in the <i>United Kingdom</i> or <i>Gibraltar</i> <i>Insurer</i> or <i>insurance undertaking</i> does not operate from an establishment in	Production and providing	None

	Situation	Insurance intermediary's responsibility	Insurer's responsibility
(2)	<p>the <i>United Kingdom</i> or <i>Gibraltar</i></p> <p><i>Insurance intermediary</i> does not operate from an establishment in the <i>United Kingdom</i> or <i>Gibraltar</i>; or where the distribution is carried on by a <i>person</i> that is not <i>authorised</i> or an <i>authorised professional firm</i> carrying on <i>non-mainstream regulated activities</i></p> <p><i>Insurer</i> operates from an establishment in the <i>United Kingdom</i> or <i>Gibraltar</i></p>	None	Production and providing
(3)	<p><i>Insurance intermediary</i> does not operate from an establishment in the <i>United Kingdom</i> or <i>Gibraltar</i></p> <p><i>Insurer</i> or <i>insurance undertaking</i> does not operate from an establishment in the <i>United Kingdom</i> or <i>Gibraltar</i></p>	The <i>firm</i> with the contact with the <i>customer</i> has the responsibility for production and/or provision	The <i>firm</i> with the contact with the <i>customer</i> has the responsibility for production and/or provision