

Chapter 6B

Home insurance and motor insurance pricing



6B.1 Application and purpose

What?

6B.1.1 **R** This chapter applies where a *firm* carries out any of the following activities in relation to a *home insurance* or *motor insurance policy* or any related *additional product* sold to a *consumer*:

- (1) setting the *renewal price*; or
- (2) setting the price for any *additional product* offered to the *customer* at *renewal*; or
- (3) determining the level of *remuneration*, including in particular any *fees* earned by the *firm* when distributing a product at *renewal*.

6B.1.2 **R** This chapter also applies where a *home insurance* or *motor insurance policy* is sold on a subscription basis and at any point during the lifetime of the *policy*, the *firm* increases the price of the *policy*.

6B.1.2A **R** This chapter also applies where:

- (1) a *firm* carries out *insurance distribution activities* at *renewal*; and
- (2) the *firm* either:
 - (a) forgoes commission in whole or in part when selling to a *new business customer*; or
 - (b) offers cash or cash-equivalent incentives within the meaning of **ICOBS 6B.2.12R** to *new business customers*.

Exclusions

6B.1.3 **R** This chapter does not apply to *group policies* where these include, or are sold alongside, *home insurance* or *motor insurance* products.

Purpose

6B.1.4 **G** The *rules* in this chapter:

- (1) promote competition through ensuring *consumers* have a realistic picture of the long-term cost of their chosen product when purchasing it and incentivising *firms* to compete for *consumer* business on this basis; and

- (2) protect *consumers* through ensuring that they are placed in a position where they can understand the long-term cost of their product.

6B.1.5

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



6B.2

Setting renewal prices

Renewal price

6B.2.1

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A *firm* must not set a *renewal price* that is higher than the *equivalent new business price*.

Paragraph (1) applies at the point the *renewal* notice is prepared.

Combined home and motor insurance packages

6B.2.2

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In the case of a combined *home insurance* and *motor insurance* package, the *renewal price* for each of the following must be no higher than the *equivalent new business price*:

(1) the *home insurance* element;

(2) the *motor insurance* element; and

(3) the bundled price for the package.

Net-rated business

6B.2.3

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■ ICOB 6B.2.1R does not distinguish between *firms* writing *gross-rated business* or *net-rated business*. *Insurers* or *managing agents* writing *net-rated business* should apply the *rules* in this section to arrive at a *net-rated price* which is the *equivalent new business price* on a *net-rated price* basis.

Renewal price of retail premium finance

6B.2.4

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Where a *customer* pays for their *policy* through *retail premium finance*, the *renewal price* of the *policy* should be set in accordance with ■ ICOB 6B.2.1R and the *renewal price* for the *retail premium finance* should be set in accordance with ■ ICOB 6B.2.37R.

Assumptions regarding channel used by customer

6B.2.5

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- (1) In determining the *equivalent new business price*, a *firm* must assume that the existing customer has approached the *firm* through the same *channel* as they used when they first purchased their *policy*.

(2) Where the *firm* no longer accepts new business through the *channel* that the *customer* originally used to purchase the *policy*, or where the *channel* can no longer be identified, the *firm* must assume that the

customer approached the *firm* through the *channel* most commonly used by *new business customers* of the *firm*.

If the *customer* used more than one *channel* when they first purchased their *policy*, the *firm* must determine the *equivalent new business price* using the channel or combination of *channels* that was used to determine the price of the *customer's policy* at new business.

6B.2.6 G For the purposes of the assumptions in **ICOBS 6B.2.5R**, a *firm* should treat each intermediary chain, price comparison website or *affinity/partnership scheme* through which it sells *policies* as a separate *channel*.

6B.2.7 R

- (1) A *firm* may calculate the *equivalent new business price* on the basis that the *customer* is using a different *channel* than they used when they first purchased their *policy* where:
 - (a) the *customer* has agreed to take out a different product to the one they took out in the last insurance period;
 - (b) the product the *customer* is taking out is most frequently purchased via a different *channel* to the one the *customer* used to take out their original product; and
 - (c) it is in the *customer's* best interests to take out the new product.
- (2) Where a *firm* calculates the *equivalent new business price* according to (1), it must assume that the *customer* approached the *firm* using the *channel* that the product is most frequently purchased through.

Changing to a different policy with the same firm at renewal

6B.2.8 G

- (1) Where a *firm* offers a *customer* a different product at *renewal* the *firm* should be able to demonstrate how it has met:
 - (a) the *rules* in **ICOBS 5.2** (Demands and needs); and
 - (b) **ICOBS 2.5.-1R** (customer best interests).
- (2) *Firms* are reminded that **ICOBS 5.2** includes requirements for a *firm*, before conclusion of any *contract of insurance*, to
 - (a) specify, on the basis of information obtained from the *customer*, the demands and needs of the *customer*; and
 - (b) ensure that any *contract of insurance* proposed is consistent with the *customer's* insurance demands and needs.

Before proposing a different product at *renewal*, a *firm* will need to take all necessary steps to meet these requirements which may include contacting the *customer* and obtaining all necessary information from that *customer* so the *firm* can conduct a demands and needs assessment.
- (3) A *firm* should not offer or propose a different product to the *customer* at *renewal* if:
 - (a) the different product is more commonly *distributed* through a more expensive channel than the *channel* or *channels* the *customer* originally approached the *firm* through; and

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(b) the primary purpose of *distributing* the alternative product is to enable the *firm* to charge the *customer* a higher *renewal price*.

Incentives

6B.2.9 **R** When calculating the *equivalent new business price*, a *firm* must include any cash or cash-equivalent incentives that it gives to *new business customers* and that the *renewing customer* would be eligible for if they were a *new business customer*.

6B.2.10 **R**

(1) ■ ICOBS 6B.2.9R applies to any cash or cash-equivalent incentive that is wholly or partially funded by the *firm*.

(2) For the purposes of (1), it does not matter if the incentive is funded directly by the *firm* or if the *firm* provides funding to a third party contingent on that third party providing an incentive to the *customer*.

6B.2.11 **R** Incentives that are not cash or cash-equivalent are excluded from the scope of these rules.

6B.2.12 **R** A cash or cash-equivalent incentive is any incentive that can be readily expressed as having a monetary value including, but not limited to, the items listed in column 1 of the table at ■ ICOBS 6B.2.14R.

6B.2.13 **R** Non-cash incentives are any incentives that are not capable of being readily expressed as having a definite monetary value.

6B.2.14 **R** The following table gives examples of cash and non-cash incentives for the purposes of ■ ICOBS 6B.2.12R and ■ ICOBS 6B.2.13R.

Cash or cash-equivalent incentives	Non-cash incentives
A percentage discount on the premium	Toys
A monetary discount on the premium	Carbon off-setting
Part of the insurance term given for free (e.g. one month free)	A percentage chance to win back the premium
A free <i>additional product</i>	
Cashback	
Retail vouchers	
Points in a retail loyalty scheme	

6B.2.15 **G** *Firms* are reminded that *Principle 7* and ■ ICOBS 2.2.2R apply to the communication of incentives in the same way as they apply to all communications with their *customers*. *Firms* should present incentives in a way that makes clear both the overall price of the product, not including the incentive, and (if different) the price the *customer* will actually pay.

New business discounts

- 6B.2.16** R The *equivalent new business price* must take account of any individually negotiated discounts the *firm* agrees with an *equivalent new business customer* for the product.
- 6B.2.17** G In taking account of individually negotiated discounts agreed with *new business customers*, a *firm* should be able to demonstrate that:
- (1) the *equivalent new business price* does not discriminate on grounds of *tenure* contrary to ■ ICOBS 6B.2.40R; and
 - (2) the *firm* has taken account of the best interests of its *customers* (■ ICOBS 2.5.-1R) in determining its method for calculating the *equivalent new business price* in compliance with ■ ICOBS 6B.2.16R.

Calculating the equivalent new business price - missing information

- 6B.2.18** G
- (1) Where a *firm* does not have the same information for an existing *customer* as it has when quoting for a *new business customer*, it may determine its own approach to how it takes account of any missing information when calculating the *equivalent new business price*.
 - (2) Examples of situations where a *firm* may have missing information when calculating the *equivalent new business price* are:
 - (a) where the *firm* uses behavioural factors in calculating the price a *new business customer* pays, such as the length of time between the quote and the inception date; and
 - (b) where a *firm* has changed the information it obtains from *new business customers* when providing a quote.
 - (3) *Firms* are reminded that where factors such as those described in (2) are taken into account in determining the *renewal price*, they must still be able to demonstrate compliance with:
 - (a) the requirement to not discriminate on grounds of *tenure* in ■ ICOBS 6B.2.40R; and
 - (b) the requirements to provide fair value in relation to *non-investment insurance contracts* in ■ PROD 4.2.14AR and, where relevant, ■ PROD 4.2.14BR.

Calculating the equivalent new business price - information acquired during the term of the customer's current policy

- 6B.2.19** R
- (1) A *firm* must include in its determination of a *customer's equivalent new business price* any risk information acquired during the term of the customer's current *policy* that has the effect of either increasing or decreasing the *equivalent new business price*.
 - (2) Paragraph (1) includes risk information that the *firm* would not normally have in relation to *new business customers*, such as telematics data or fraud risk indicators.

Changes to contractual parties	
6B.2.20	<div>G</div> <div>A <i>firm</i> only needs to comply with the rules in this chapter where it <i>arranged</i> the contract or was a party to the contract with the <i>customer</i> in the previous year. For example, where an <i>intermediary</i> operates a panel of <i>insurers</i> and re-brokers the <i>customer's insurance</i> to another member of the panel, the <i>customer</i> should be treated as a <i>renewal</i> by the <i>intermediary</i> but a <i>new business customer</i> by the <i>insurer</i> who did not underwrite the <i>customer's policy</i> in the previous year.</div>
Subscription policies	
6B.2.21	<div>R</div> <div>Where a <i>firm</i> increases the price of a <i>policy</i> sold on a subscription basis, it must apply the <i>rules</i> in this chapter on setting a <i>renewal price</i>.</div>
6B.2.22	<div>R</div> <div>A <i>firm</i> that sells <i>policies</i> on a subscription basis must review the pricing of their subscription <i>policies</i> at least annually.</div>
6B.2.23	<div>R</div> <div>The annual review must assess whether the price of the <i>policy</i> sold on a subscription basis is no higher than the <i>equivalent new business price</i>.</div>
6B.2.24	<div>G</div> <div>The <i>rules</i> in this chapter do not require a <i>firm</i> selling <i>policies</i> on a subscription basis to back date any price reductions that the <i>firm</i> may implement as the result of any review under ■ ICBS 6B.2.21R.</div>
Closed books	
6B.2.25	<div>R</div> <div>Where a <i>customer's policy</i> is in a <i>closed book</i>, the <i>firm</i> must determine the <i>customer's equivalent new business price</i> according to the following <i>rules</i>.</div>
6B.2.26	<div>R</div> <div>The <i>firm</i> must identify from the <i>home insurance</i> and <i>motor insurance</i> products that it currently actively markets or <i>distributes</i>, whether it has a <i>home insurance</i> or <i>motor insurance</i> product that is a <i>close matched product</i>.</div>
6B.2.27	<div>R</div> <div>Where the <i>firm</i> no longer actively markets or distributes any <i>home insurance</i> or <i>motor insurance</i> product which is a <i>close matched product</i> but it is part of a <i>group</i> which does actively market or distribute <i>home insurance</i> or <i>motor insurance</i> products, it must identify whether the <i>firm's group</i> actively markets or distributes a <i>close matched product</i>.</div>
6B.2.28	<div>R</div> <div>Where there is more than one product which is a <i>close matched product</i>, the <i>firm</i> must select:<div><div>(1) the <i>close matched product</i> which is the most similar to the <i>customer's</i> existing <i>policy</i>; or</div><div>(2) where it is not possible to identify the most similar <i>close matched product</i>, the <i>close matched product</i> which will lead to the most favourable pricing outcome for <i>customers</i> who hold a <i>policy</i> in the <i>closed book</i>.</div></div></div>

6B.2.29 **R** Where a *close matched product* is identified or selected, the *equivalent new business price* for a *customer* in the relevant book is the price set out in (1), taking account of the permitted adjustments set out in (2) below.

- (1) The *equivalent new business price* for the *close matched product*.
- (2) The permitted adjustments are those which fairly and proportionately reflect the difference in costs for the *firm* arising from differences between the cover or benefits (including any compulsory excess) or other costs of providing services or benefits under the contract (such as additional telephone support) provided by the *policies* in the *closed book* and the *close matched product*.

6B.2.30 **R** In calculating the *equivalent new business price* for a *close matched product*, a *firm* must assume that the *customer* approached the *firm* using the *channel* most commonly used by *new business customers* of the *close matched product*.

6B.2.31 **R** A *firm* must set the *renewal price* in accordance with ■ ICOBS 6B.2.39R if either (1) or (2) apply:

- (1) the *firm* is unable to identify a product which is a *close matched product*; or
- (2) the *firm* is unable to determine an *equivalent new business price* because the *firm* would not offer a *policy* to a *new business customer* of the same risk profile as the existing *customer*.

6B.2.32 **R** A *firm* must assess whether any of its *home insurance* or *motor insurance* products are in *closed books*:

- (1) at least annually; and
- (2) whenever the *firm* makes a material change to the distribution or marketing of the product that could change the book from being an open book to a *closed book*.

6B.2.33 **G**

- (1) The calculation of whether a book meets the *closed book* definition should be carried out on the basis of the product as a whole across all the *channels* used by the *firm* for distribution of the product.
- (2) A *firm* should apply the definition on the basis of its own book of business, without reference to other *firms* involved in *distributing* or underwriting the product. This means:
 - (a) an *insurer* should apply the *closed book* definition only to those products that it underwrites; and
 - (b) an *insurance intermediary* should apply the *closed book* definition only to those products which it has *distributed*.

Intermediaries' remuneration and involvement in setting price

6B.2.34 **R** An *insurance intermediary* that is involved in the setting of any portion of the *renewal price* of the *policy* must ensure that the portion they set or their contribution to that portion is set at a level that is no higher than it would be set for a *new business customer*.

6B.2.35 **R** An *insurance intermediary* that carries out *insurance distribution activities* at *renewal* and which either:

- (1) forgoes commission in whole or in part when selling to *new business customers*; or
- (2) offers a cash or cash-equivalent incentive (within the meaning of **ICOBS 6B.2.12R**) to *new business customers*,

must, to the extent that a *customer* renewing a *policy* would be eligible to benefit from the commission forgone or the cash or cash-equivalent incentive if they were a *new business customer*, include that forgone commission or cash or cash-equivalent incentive when:

- (1) determining the *equivalent new business price* at *renewal*; and
- (2) applying **ICOBS 6B.2.9R** to **ICOBS 6B.2.15G**.

Additional products

6B.2.36 **R** A *firm* that has responsibility for setting the price of an *additional product* that is available to a *customer* in connection with a *home insurance* or *motor insurance policy* must ensure that the price of the *additional product* at *renewal* is no higher than the price at which the *additional product* would be offered to the *customer* if they were a *new business customer*.

6B.2.37 **G** Where the *additional product* is *retail premium finance*, the price referred to in **ICOBS 6B.2.36R** is the *APR* if the *retail premium finance* is a *regulated credit agreement* or in all other cases the amount paid by the *customer* for *retail premium finance* for the amount of premium to be financed by the *retail premium finance*.

6B.2.38 **R** Where a *firm* no longer offers to *new business customers* an *additional product* which is available to a *customer* in connection with the *renewal* of a *home insurance* or *motor insurance policy*, the price for that *additional product* must be set as follows:

- (1) where the *additional product* is a *policy*, the *firm* must:
 - (a) apply the rules for *closed books* in **ICOBS 6B.2.25R** to **ICOBS 6B.2.33G** (and references in these rules to *home insurance* or *motor insurance* should be read as '*additional product*'); or
 - (b) if the *additional product* has no *close matched product*, apply **ICOBS 6B.2.39R**;
- (2) where the *additional product* is not a *policy*, the *firm* must apply **ICOBS 6B.2.39R**.

Firms' assurance over customer outcomes

6B.2.39

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A firm must ensure that it does not systematically discriminate against customers based on their *tenure*, when determining:

- (1) an *equivalent new business price*;
- (2) the *renewal price* for customers in *closed books* where a firm is unable to identify a *close matched product*;
- (3) the price for any *additional products* offered to the customer at *renewal* of a *policy*; and
- (4) the level of any *remuneration* earned by the firm, including in particular any *fees* charged to a customer, at *renewal* of a *policy*.

6B.2.40

E

- (1) A firm's *equivalent new business price* for customers of longer *tenure* should not systematically exceed the new business price for new business customers.
- (2) A pricing model used by the firm to determine the *equivalent new business price*, or *renewal prices* for customers in *closed books* where a firm is unable to identify a *close matched product*, should not generate prices which are systematically higher the longer a customer's *tenure* is.
- (3) A firm's *renewal price* for customers of longer *tenure*, or the price for any *additional products* offered to customers of longer *tenure* at *renewal* of a *policy*, should offer fair value to the customer taking account of the prices offered to customers of shorter *tenure*. In particular, a firm should avoid the following outcomes:
 - (a) the price of any of the following materially exceeding the new business price which a customer of longer *tenure* would pay to obtain the cover and/or benefits offered by the product if the customer were to shop around as a new business customer approaching another firm or firms:
 - (i) the firm's *renewal price* for customers in a *closed book* where no *close matched product* is identified;
 - (ii) the firm's price for any *additional product* offered at *renewal* where that *additional product* is a *policy* and no *close matched product* is identified; or
 - (iii) the firm's price for any *additional products* offered at *renewal* where the *additional product* is not a *policy* and is no longer available to new business customers;
 - (b) the quality of service or cover enjoyed by customers of longer *tenure* is lower than that enjoyed by customers of shorter *tenure* for the same product; and
 - (c) relevant and appropriate value measures, or the *gross incurred claims ratio*, for *policies* held by customers of longer *tenure* indicate that the value provided by these *policies* is lower than that for *policies* held by customers of shorter *tenure*.
- (4) A firm should not systematically charge higher *fees* to a customer who is *renewing* a *policy* than to a new business customer.

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- (5) A *firm* should not selectively close individual *channels* in order to take advantage of the premium difference between *channels* when setting an *equivalent new business price*.
- (6) A *firm* should not fund an incentive offered by a third party in a way that results in the *equivalent new business price* systematically exceeding the new business price actually paid by *new business customers* who receive the incentive.
- (7) Contravention of any of (1) to (6) may be relied on as tending to establish contravention of ■ ICOBS 6B.2.39R.
- 6B.2.41** G When comparing a *firm's* new business price with the *renewal price* for individual *customers*, we would not expect to see that the longer a *customer's tenure* is, the greater the difference between:
- (1) in the case of an *insurer*, the risk price and the *net-rated price* or *gross price*; or
- (2) in the case of an *intermediary*, the *net-rated price* and the *gross price*.
- 6B.2.42** R A *firm* must not make arrangements that are designed to enable it to treat existing *customers* as *new business customers* unless:
- (1) the *firm* can demonstrate that the proposed arrangements are in the best interests of the *customers* that will be treated as *new business customers* under the arrangements; and
- (2) the price of the products distributed to these *customers* does not adversely impact on the product offering fair value according to ■ PROD 4.2.14AR and, where relevant, ■ PROD 4.2.14BR.
- 6B.2.43** E A *firm* should not participate in or carry out any of the following steps where the primary impact on existing *customers* affected by the steps is to increase the price these *customers* pay for their product:
- (1) establish a new entity or entities (whether this is done by the *firm* or a member of its *group*) that will be responsible for arranging *policies* for existing *customers* at *renewal*;
- (2) transfer the business of existing *customers* to existing entities in the *group* or existing subsidiaries; and
- (3) sell to existing *customers* at *renewal* a product that is only superficially different from the *customer's* current product.
- Contravention of any of (1) to (3) may be relied upon as tending to establish contravention of ■ ICOBS 6B.2.42R and ■ ICOBS 2.5.-1R.
- 6B.2.44** R It is not a contravention of ■ ICOBS 6B.2.39R or ■ ICOBS 2.5.-1R for a *firm* to offer a *customer* a *renewal price* that is lower than the *equivalent new business price* based on any factor, including the *customer's tenure*.

Notifications to the FCA

6B.2.45 **R** A *firm* must notify the *FCA* if it becomes aware that any other *firm* in the distribution chain is not or may not be complying with the *rules* in this chapter.

6B.2.46 **G** Under *Principle 11*, *firms* should notify the *FCA* of any change in their pricing model where there is a material risk of harm for *customers*.

Sales practices

6B.2.47 **R** When communicating a *renewal price* to *customers*, or when contacted by *customers* to discuss a *renewal price*, a *firm* must not systematically discriminate against *customers* based on *tenure*.

6B.2.48 **R** When communicating a price for any *additional product* at renewal of the *policy*, or when contacted by *customers* to discuss the prices of *additional products* at renewal of their *policy*, a *firm* must not systematically discriminate against *customers* based on *tenure*.

6B.2.49 **E**

- (1) A *firm* should not communicate with a *customer* of longer *tenure* in a manner which is objectively likely to discourage a customer of longer *tenure* from shopping around for an alternative *policy* offered by another *firm*.
- (2) A *firm* should not communicate with *customers* of longer *tenure* with the intent, or in a way that might reasonably be expected to have the effect, that these *customers* are less likely than other *customers* to contact the *firm* to negotiate the *renewal price* of the *policy*.
- (3) A *firm* should not interact with *customers* of longer *tenure* with the intent or the effect that these *customers* are more likely than other *customers* to accept the *renewal price* of the *policy*.
- (4) Contravention of any of (1) to (3) may be relied on as tending to establish contravention of **ICOBS 6B.2.47R** or **ICOBS 6B.2.48R**.

6B.2.50 **G** Where a *firm* has communicated a *renewal price* to a *customer* in compliance with the *rules* in this chapter, a *firm* may subsequently agree a discount to a *renewal price* in individual negotiations with the *customer*.

Records

6B.2.51 **R** A *firm* must make and retain written records of how it continues to satisfy itself that it does not systematically discriminate against *customers* based on *tenure* in contravention of **ICOBS 6B.2.39R** including details of:

- (1) the assessment undertaken by the *firm* to evaluate whether the *equivalent new business price* for *customers* of longer *tenure* systematically exceeds that for *new business customers*;
- (2) the controls put in place by the *firm* to ensure that any pricing model it uses to generate its *equivalent new business prices*, or the *renewal*

		<p><i>prices for customers in closed books where a firm is unable to identify a close matched product, does not generate prices which are systematically higher the longer a customer's tenure is;</i></p> <ul style="list-style-type: none"> (3) the evidence gathered and the assessment undertaken by the <i>firm</i> to evaluate whether its renewal prices or prices for <i>additional products</i> at <i>renewal</i> offer fair value to <i>customers</i> of longer <i>tenure</i>; (4) the assessment undertaken by the <i>firm</i> to evaluate whether the <i>fees</i> it charges to <i>customers</i> of longer <i>tenure</i> systematically exceed those charged to <i>new business customers</i>; and (5) any appropriate independent oversight of the assessments and controls in (1), (2), (3) and (4).
6B.2.52	R	<p>A <i>firm</i> must make and retain written records of how it satisfies itself that any arrangements it makes to enable it to treat existing <i>customers</i> as <i>new business customers</i> are consistent with ■ ICOBS 6B.2.39R, including details of:</p> <ul style="list-style-type: none"> (1) the assessment it has undertaken to assure itself that the <i>customer</i> best interests rule in ■ ICOBS 2.5.-1R is met; and (2) the assessment it has undertaken of the likely effect of the arrangements on the price <i>customers</i> will pay for their product after the arrangements have taken effect as compared to the price <i>customers</i> would pay if the arrangements did not take effect.
6B.2.53	R	<p>A <i>firm</i> must also make and retain written records of its consideration of the extent to which material decisions which it takes in relation to its compliance with the <i>rules</i> in this chapter are consistent with:</p> <ul style="list-style-type: none"> (1) the objectives of these <i>rules</i> as set out in ■ ICOBS 6B.1.4G; (2) the requirement not to discriminate against <i>customers</i> based on tenure in ■ ICOBS 6B.2.39R, ■ ICOBS 6B.2.47R and ■ ICOBS 6B.2.48R; and (3) the requirements in ■ ICOBS 6B.2.42R around making arrangements to treat existing <i>customers</i> as <i>new business customers</i>.
6B.2.54	R	<p>The records in ■ ICOBS 6B.2.51R and ■ ICOBS 6B.2.52R must set out clearly:</p> <ul style="list-style-type: none"> (1) the basis on which the <i>firm</i> is complying with the <i>rules</i> in this chapter; (2) how the <i>firm</i> has resolved any areas of discretion, ambiguity or potential uncertainty in its determination that the pricing of its <i>home insurance</i> and <i>motor insurance renewal</i> business, including <i>additional products</i> available to <i>customers</i> in connection with this business, is in compliance with the <i>rules</i> in this chapter; and (3) appropriate expert input and advice on which the <i>firm</i> relies in satisfying itself as to its compliance with the <i>rules</i> in this chapter.

- 6B.2.55** G The material decisions referred to in ■ ICOB 6B.2.53R include, but are not limited, to:
- (1) launching, discontinuing or materially varying any aspect of a product which is, or could be, relevant to setting an *equivalent new business price*;
 - (52) taking action which would result in a book becoming a *closed book* for the purposes of the *rules* in this chapter;
 - (3) identifying or selecting a *close matched product* or determining that it is not possible to identify a *close matched product*;
 - (4) making any adjustments to the *equivalent new business price* for a *close matched product* as a result of applying the assumptions in ■ ICOB 6B.2.29R and ■ ICOB 6B.2.30R;
 - (5) making changes to the *firm's* business structure or to the business structure of a *firm's group* to the extent that this may affect the basis on which an *equivalent new business price* is set;
 - (6) determining the *firm's* approach to ensuring that it does not systematically discriminate against *customers* based on their *tenure* in accordance with ■ ICOB 6B.2.39R, ■ ICOB 6B.2.43R and ■ ICOB 6B.2.44R; and
 - (7) arranging for another entity or entities to offer the *renewal* product to the *customer*.
- 6B.2.56** G (1) The following are examples of the types of records that *firms* should retain under ■ ICOB 6B.2.51R to ■ ICOB 6B.2.53R:
- (a) records of minutes of any pricing committee;
 - (b) any analysis showing whether similar *customers* face different pricing outcomes;
 - (c) where the *firm's* data indicates any potential issues under ■ ICOB 6B.2.40R, any analysis demonstrating that the *firm* has not discriminated against *customers* of longer *tenure*.
- 6B.2.57** R The records compiled by the firm in accordance with ■ ICOB 6B.2.51R to ■ ICOB 6B.2.53R must be provided as soon as reasonably practicable after the record is prepared or updated to the *person* responsible for the attestation in ■ ICOB 6B.2.60R, and to the FCA on request.
- 6B.2.58** G *Firms* are reminded of their obligations under ■ SYSC 3.2.20R and ■ SYSC 9.1.1R in relation to the keeping of records and the guidance in ■ SYSC 3.2.21G and ■ SYSC 9.1.5G regarding the nature of the systems and controls a *firm* should have in place and the general principle that records should be retained for as long as is relevant for the purposes for which they are made.
- Policies and procedures**
- 6B.2.59** G A *firm* should have in place policies and procedures to ensure its ongoing compliance with the *rules* in this chapter following any material changes to

the *firm's* pricing practices, pricing models or products which could affect a *firm's* compliance with rules in this chapter or fair outcomes for *customers* of longer *tenure*.

Attestation requirements

- 6B.2.60
- R
- Every *firm* subject to the *rules* in this chapter must provide the attestation set out at (1) for the reporting period set out in (2) at the time set out in (3) by a person in (4) below.
- (1) The attestation is that the *firm*:

(a) is and has been complying with the *rules* in this chapter throughout the reporting period; and

(b) is satisfied that the pricing of its *home insurance* and *motor insurance renewal* business and related sales practices are consistent with the objectives of the rules as set out in ■ ICOBS 6B.1.4G and does not discriminate against *customers* of longer *tenure* as set out in ■ ICOBS 6B.2.39R, ■ ICOBS 6B.2.47R and ■ ICOBS 6B.2.48R.

(2) The reporting period is the 12-month period beginning 1 January and ending 31 December.

(3) The attestation must be provided annually, on or before 31 March in the year following the end of the reporting period.

(4) The attestation must be provided by:

(a) a single person, who holds a *senior management function* in the *firm*; or

(b) where a *firm* is not an *SMCR firm*, by a *director* of the *firm*.
- Format and method of submission of attestation
- 6B.2.61

R

The attestation must be submitted online through the appropriate systems accessible from the *FCA's* website.

6B.2.62

R

The attestation will not be considered as submitted to the *FCA* unless it has been accepted by the relevant *FCA* system.

6B.2.63

G

If the *FCA's* information technology systems fail and online submission is unavailable for 24 hours or more, the *FCA* will endeavour to publish a notice on its website confirming that online submission is unavailable and will confirm what methods of submission should be used instead.
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