

Chapter 16

Reporting requirements

Products covered by the reporting requirement in SUP 16.11

This is the *guidance* referred to in ■ SUP 16.11.6G.

■ SUP 16.11.3R, ■ SUP 16.11.5R and ■ SUP 16.11.5AR require certain *firms* to report product sales data, back-book data and, in respect of relevant *regulated credit agreements* and *regulated mortgage contracts* other than *legacy CCA mortgage contracts*, performance data. For reporting purposes, a reportable sale applies (other than in the case of a mortgage transaction or a relevant *regulated credit agreement* transaction) where the contract has been made and the premium has been paid.

In the case of mortgage transactions, the reporting requirement applies to loans for house purchase, remortgages, internal product transfers (including those effected by a new mortgage contract and those effected as contract variations) and further advances. In the case of sales data, a reportable mortgage transaction applies where the mortgage transaction has completed (i.e. funds have been transferred and have been applied for the purpose of the mortgage).

For *non-threshold short-term loan firms*, a reportable transaction has taken place in respect of *high-cost short-term credit* and *home credit loan agreements* where the loan monies have been advanced to the *borrower*.

In the case of a group section 32 buy-out, the figure reported for the ‘total premium amount’ in form PSD002 should be the aggregate figure of all the individual members’ premiums added together. *Firms* should not provide an average premium figure. Where form PSD002 requests individual details (e.g. customer postcode) the firm can, only for group section 32 buy-out transactions, leave the fields blank.

Part 1 - Products

The following tables provide *guidance* on the products for which sales data, back-book data and (in respect of *regulated credit agreements*) performance data is to be reported. These tables, other than Table 6 in relation to *regulated credit agreements*, are not intended to be a complete list of relevant products; *firms* should report sales data on all products which would fall within the scope of *retail investments*, *pure protection contracts*, and *regulated mortgage contracts* and other *home finance transactions*. *Firms* should only report sales data, performance data and back-book data for the relevant *regulated credit agreements* set out in Table 6.

Table 1 – RETAIL INVESTMENTS

Relevant products include:

- Unit trust scheme IOEIC
- Investment trust
- ISA
- Structured capital-at-risk product
- With profit bond
- Unit linked bond
- Distribution bond
- Mortgage Endowment
- With profit endowment
- Endowment savings plan
- Guaranteed income/growth/investment bond

Trustee investment bond
Life annuity
Pension annuity
<i>Long term care insurance contract</i>
Stakeholder pension
<i>Self-invested personal pension</i>
Personal pension
Group personal pension
FSAVC
Individual pension transfer
<i>Pension opt out</i>
Section 32 buy out
Group section 32 buy out
Income drawdown
Executive pension
SSAS
Group money purchase
AVC final salary
AVC group money purchase

Table 2 - PURE PROTECTION CONTRACTS

Relevant products include:

Income protection
Standalone critical illness
Critical illness sold as a rider benefit to mortgage protection and mortgage term assurances

Table 3 - MORTGAGES

Relevant mortgage types include:

Fixed rate mortgages
Discounted variable rate mortgages
Tracker mortgages
Capped rate mortgages
Standard variable rate mortgages

Table 4 – OTHER HOME FINANCE TRANSACTIONS

Relevant products include:

<i>Home reversion plans</i>
<i>Home purchase plans</i>
<i>Regulated sale and rent back agreements</i>

Table 6 – REGULATED CREDIT AGREEMENTS

Relevant <i>regulated credit agreements</i> are:
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All regulated credit agreements other than overdrafts and regulated credit agreements secured on land.

Part 2: Supporting product definitions/guidance for product sales data reporting

Part 2 contains guidance on the terms used in part 1 and on other relevant material.

Where products have not been defined in the Glossary, an explanatory description is provided.

Retail investments

PRODUCT	Guidance
With profit bond	Includes all single premium policies where a lump sum is paid into a with profits fund made up of investments such as company shares, fixed interest securities, commercial property and money. Unitised with profit bonds should be reported under this category.
Unit linked bond	A contract where the premium buys, or is deemed to buy investment units in a selected fund. The value of the policyholder's fund is linked to the value of the units (see guidance relating to distribution bonds).
Distribution bond	<p>A single premium investment policy. The funds are invested in equities and gilts and an income is paid each year to the policyholder, dependent on the performance of the investments.</p> <p>Only report as a distribution bond where over 50% of the fund allocation relates to the distribution fund. If less than a 50% allocation is made, the product should be reported as a unit linked bond.</p>
Guaranteed income/ growth/ investment bond	This includes income and growth bonds which include guaranteed income and guaranteed equity bonds that include guarantees and pay a percentage of the movement of more one or more index.
Structured capital-at-risk product	Defined in the Handbook Glossary.
Life/pension annuity	<p>An arrangement by which a life company pays someone a regular income, usually for life, in return for a lump sum premium. This would include</p> <ul style="list-style-type: none">• deferred and immediate annuities• compulsory purchase annuities• home income plans; and• all other types of life annuities
Unit trust scheme	Defined in the Handbook Glossary.
Investment trust	Defined in the Handbook Glossary.
ISA	<p>Defined in the Handbook Glossary.</p> <p>Cash and insurance ISAs should not be reported</p>
Endowment savings plan	An endowment plan with a fixed term with benefits paid on death within the term or on maturity
Mortgage endowment	This should include any regular premium low cost endowments plus unitised with profit endowments
Long-term care insurance contract	[The FSA consulted in CP 200 on the definition of long-term care insurance contract that will apply from 14 January 2005. The guidance here will cross-refer to the finalised definition.]

PRODUCT	Guidance
Stakeholder Pension	See Handbook <i>Glossary</i> for definition of ' <i>stakeholder pension scheme</i> '.
Self-invested personal pension	See Handbook <i>Glossary</i> for definition of ' <i>self-invested personal pension</i> '.
Personal pension	See Handbook <i>Glossary</i> for definition of ' <i>personal pension scheme</i> '. For reporting purposes do not include Rebate Only Pension business.
Group personal pension	See Handbook <i>Glossary</i> for definition of ' <i>group personal pension scheme</i> '. Phased retirement should include transfer plans that permit staggered annuities to subsequently be purchased. Deferred transfer plans should be excluded. Report each individual policy as a separate case.
FSAVC	Defined in the Handbook <i>Glossary</i> . Do not include Rebate Only Pension business.
Individual pension transfer	See Handbook <i>Glossary</i> for definition of ' <i>pension transfer</i> '.
Pension opt out	Defined in the Handbook <i>Glossary</i> .
Section 32 buy out/ Group section 32 buy out	An arrangement where trustees accept capital from employees who have left <i>occupational pension scheme</i> service and the transfer value is reinvested in an attempt to provide better benefits when the employee retires.
Income drawdown	See Handbook <i>Glossary</i> for definition of ' <i>income withdrawal</i> '. This should include transfer plans that allow income from a pension plan in advance of an annuity being purchased
Executive pension scheme	An arrangement where each premium paid is identifiable to an individual employee and where an employer has discretion as to whether a pension arrangement is made for a particular employee and to the level of contribution or target benefit under the policy. Report each individual policy as a separate case. Pension premiums should be reported gross.
SSAS	Defined in the Handbook <i>Glossary</i> . Pension premiums should be reported gross. SSAS business should not be reported if you only provide an administration service. Report each individual policy as a separate case.
Trustee investment bond	A lump sum <i>investment</i> vehicle designed for use by <i>pension scheme</i> trustees. Includes SSAS Trustee Investment Bonds and SIPP Trustee Investment Bonds
Group money purchase	An <i>occupational pension scheme</i> which provides <i>money-purchase benefits</i> which is available to employees of the same employer or of employers within a group.
AVC Final salary	Pension premiums should be reported gross.

PRODUCT	Guidance
AVC Group money purchase	Pension premiums should be reported gross.

Mortgages

(a)Types of interest or reversion rate

Types of interest or reversion rate	Description
Fixed rate	where the interest rate is fixed for a stated period.
Discounted variable rate	where a discount is applied to a variable rate, usually for a limited period of time.
Bank of England Base Rate tracker	where the interest rate is guaranteed to move in line with the Bank of England Base (or Repo) Rate.
LIBOR tracker	where the interest rate is guaranteed to move in line with LIBOR (the London InterBank Offered Rate).
Other tracker	where the interest rate is guaranteed to move in line with an index other than the Bank of England Base (or Repo) Rate or LIBOR.
Capped (and collared) rate mortgage	where the interest rate is guaranteed not to exceed a stated maximum rate (the 'capped' rate) for specific period of time, but where the standard variable interest rate applies when the rate is lower than the capped rate. Also includes products where the interest rate is subject to a minimum rate (the 'collared' rate).
Standard variable rate	the lender's underlying interest rate.

(b)Features

Data Item	Description
Flexible mortgage	<p>A mortgage where you can change the monthly payments and pay off part or all of the loan whenever you like. It is normally linked to any interest rate type.</p> <p>Details vary from one mortgage to another, but for reporting purposes, to be reported as a flexible mortgage, the mortgage should have the following features:</p> <ul style="list-style-type: none">• interest must be calculated monthly or daily; and• must have an overpayment facility
Cashback	a cash amount paid by a <i>mortgage lender</i> to a <i>customer</i> (typically at the beginning of a contract) as an inducement to enter into a <i>regulated mortgage contract</i> with the <i>mortgage lender</i> .
Offset mortgage – positive and/or negative offset	An offset mortgage will typically have similar facilities to a flexible mortgage, but will also allow the borrower to offset positive (savings and/or current account) and/or negative balances (credit card and/or personal loans) against their outstanding mortgage balance.

Data Item	Description
Mortgage with a shared equity loan attached	where the lender is aware that the <i>customer</i> will also have a shared equity loan secured on the property.
Mortgage with indemnity insurance attached	where a mortgage has attached indemnity insurance to protect the lender in the case of default, whether arranged by the lender privately or through a government scheme.

Pure protection contracts

Policy Type	Description
Standalone critical illness	These policies are ‘pure’ critical illness policies i.e. there is no life cover sold alongside them. Under these policies the <i>insurer</i> provides the sum insured to the <i>policyholder</i> in the event of diagnosis of a life threatening condition.
Critical illness sold as a rider benefit to term assurance	For reporting purposes, this applies where critical illness is offered as a rider benefit to either a mortgage protection policy (a <i>life policy</i> that provides by means of decreasing term assurance for a mortgage to be paid off in the event of the borrower’s death) or a protection term assurance contract.
Income protection	Insurance contracts arranged by an individual to provide for payment of income during a period of incapacity, due to ill health or accident.

Other home finance transactions

Finance Type	Description
Home reversion plan	Defined in the Handbook <i>Glossary</i>
Home purchase plan	Defined in the Handbook <i>Glossary</i>
Regulated sale and rent back agreement	Defined in the Handbook <i>Glossary</i>