Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"): 
   (a) section 137A (The FCA’s general rules);
   (b) section 137T (General supplementary powers);
   (c) section 139A (Power of the FCA to give guidance); and

(2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.

B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on:

(1) 1 June 2020 for Annex A and Part 1 of Annex B; and
(2) 5 November 2020 for the remainder of the instrument.

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

E. The Insurance: Conduct of Business sourcebook (ICOBS) is amended in accordance with Annex B to this instrument.

Citation

F. This instrument may be cited as the Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020.

By order of the Board
30 January 2020
Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical positions. The text is not underlined.

- **medical condition exclusion**: an exclusion in respect of one or more medical conditions.
- **medical condition premium**: the total amount of premium relating to the risk associated with one or more specific medical conditions.
- **medical cover firm directory**: a publicly available directory:
  
  (a) that only lists firms that provide or arrange travel insurance policies that cover more serious medical conditions;
  
  (b) that does not:
    
    (i) prevent firms from being listed;
    
    (ii) encourage consumers to select any firm over any other firm; or
    
    (iii) otherwise prefer any firm,

  based on any membership of any association or other commercial arrangement;

  (c) that provides detailed information about each listed firm, including:
    
    (i) the name and contact details, including telephone number and website, of the firm;
    
    (ii) any specific medical conditions the firm specialises in covering;
    
    (iii) any specific medical conditions that the firm is likely not to cover, where relevant;
    
    (iv) any age limits;
    
    (v) whether the firm can discuss medical conditions with consumers by phone;
    
    (vi) whether the firm can offer cover to consumers who are currently undergoing treatment;
(vii) whether the firm can offer cover to consumers with a terminal prognosis;

(d) operated by a person who has verified the accuracy of the information in (a) and has adequate systems and processes in place to keep the information in (a) and (c) up-to-date.

travel insurance policy  (in ICOBS 6.1.7-AG, ICOBS 6.5.1AG and ICOBS 6A.4 (Travel insurance and medical conditions)) a non-investment insurance contract which covers risks connected with travelling or the making of travel arrangements, including connected travel insurance contracts.
Annex B

Amendments to the Insurance: Conduct of Business sourcebook (ICOBS)

In this Annex underlining indicates new text, unless otherwise stated.

Part 1: Comes into force on 1 June 2020

1 Annex Application (see ICOBS 1.1.2R)

…

Part 2: What?

<table>
<thead>
<tr>
<th>Modifications to the general application rule according to type of firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>…</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>5.1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>…</td>
</tr>
</tbody>
</table>

Insert the following new section, ICOBS 6A.4, after ICOBS 6A.3 (Cross-selling). The text is not underlined.

6A.4 Travel insurance and medical conditions

Application

6A.4.1 R This section applies in relation to a travel insurance policy, which is not:

   (1) a group policy; or

   (2) a policy entered into by a commercial customer.

Purpose
6A.4.2 G The purpose of this section is to improve access for consumers to travel insurance policies that include cover for more serious medical conditions.

Medical cover firm directory

6A.4.3 R (1) A firm must include the details of a medical cover firm directory on the page of its website where it markets travel insurance policies.

(2) The information required by (1) must:

(a) be provided in a prominent, clear and accurate manner; and

(b) include the contact details of the medical cover firm directory, including its telephone number and a link to its website;

(3) The obligations in (1) and (2) apply 30 calendar days from the date on which the firm becomes aware (or ought reasonably to have become aware) of a publicly available directory that meets the requirements of a medical cover firm directory.

6A.4.4 G The FCA’s website contains a list of those directories which it considers to be medical cover firm directories.

Part 2: Comes into force on 5 November 2020

Amend the following as shown.

5 Identifying client needs and advising

5.1 General

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

5.1.3C R ...

(3) The statement (provided under ICOBS 5.1.3CR(1)) must not:

(a) include any information other than that provided in accordance with this rule, ICOBS 6.1.7-AG(2), ICOBS 6A.4.5R(1) and ICOBS 6A.4.7G; or

...
6 Product information

6.1 Providing product information to customers: general

... Appropriate information regarding medical condition exclusions in travel insurance policies

6.1.7-A G (1) This guidance is relevant to a firm when it provides a consumer with:

(a) a quotation for a travel insurance policy; or

(b) a statement (provided under ICOBS 5.1.3CR(1)) in respect of a travel insurance policy included in a packaged bank account.

(2) At the same time as it provides the information in (1), the firm should:

(a) disclose to the consumer whether any medical condition exclusion can be removed from the policy (in whole or in part); and

(b) if so, how, and the terms on which it can be removed.

(3) Firms are also reminded of their obligations in ICOBS 5.2.2BR to ensure the policy proposed is consistent with the consumer’s insurance demands and needs.

Appropriate information for commercial customers

6.1.7A G ... 

... 

6.5 Renewals

Renewals

6.5.1 R ... 

6.5.1A G (1) When a firm proposes to a consumer the renewal of a travel insurance policy, the firm should at the same time:

(a) disclose to the consumer whether any medical condition exclusion can be removed from the policy (in whole or in part); and
(b) if so, how, and the terms on which it can be removed.

(2) **Firms** are reminded of their obligations in:

(a) **ICOBS 6A.4.5R**, where one or more of the circumstances set out in **ICOBS 6A.4.6R** applies in respect of the **policy** proposed on renewal; and

(b) **ICOBS 5.2.2BR** to ensure the **policy** proposed is consistent with the **consumer's** insurance demands and needs.

---

Insert the following new text after ICOBS 6A.4.4G. The text is not underlined.

### 6A.4 Travel insurance and medical conditions

---

**6A.4.4 G** …

Additional pre-contract information for the consumer

6A.4.5 R (1) Where one or more circumstances set out in **ICOBS 6A.4.6R** applies, the **firm** that is responsible for communicating with the **consumer** under this sourcebook, must also communicate to the **consumer**:

(a) the contact details, including telephone number and website, of the **medical cover firm directory**;

(b) the purpose of the **medical cover firm directory**; and

(c) the potential benefits of accessing the **medical cover firm directory** and any other relevant considerations.

(2) The **firm** must communicate the information in (1):

(a) in a manner that is prominent, clear and accurate; and

(b) in accordance with **ICOBS 4.1A**.

The circumstances

6A.4.6 R The circumstances for the purposes of **ICOBS 6A.4.5R** are where a **firm**:
(1) declines, or otherwise does not offer, a consumer a quotation due (wholly or partly) to a medical condition;

(2) cancels a consumer’s policy due (wholly or partly) to a medical condition;

(3) offers a policy with a medical condition exclusion which cannot be removed from the policy;

(4) offers a policy with a medical condition premium of £100 or more; and/or

(5) offers a policy in respect of which the medical condition premium is not known.

Content of communication

6A.4.7 G (1) When describing the purpose and potential benefits of accessing the medical cover firm directory, the communication provided to consumers pursuant to ICOBS 6A.4.5R should:

(a) tell the consumer why they are receiving the communication;

(b) taken as a whole, not discourage the consumer from using the directory; and

(c) otherwise be the result of careful consideration by the firm of consumer needs and expectations in light of the requirements of relevant principles and rules, including Principles 6, 7 and 8.

(2) An example of a relevant consideration (referred to in ICOBS 6A.4.5R(1)(c)) is where multiple consumers have applied for a joint travel insurance policy from the firm and should consider the consequences of purchasing separate travel insurance policies.

Exception: multiple policies

6A.4.8 R A firm need not comply with ICOBS 6A.4.5R where it is contemporaneously able to communicate an offer to a consumer of a travel insurance policy in respect of which none of the circumstances set out in ICOBS 6A.4.6R apply.

Exception: consumer has already accessed the medical cover firm directory

6A.4.9 R A firm need not comply with ICOBS 6A.4.5R where all the following conditions are met:

(1) the firm is listed on a medical cover firm directory;

(2) the firm is aware that the consumer has already accessed the medical cover firm directory in respect of the same risk; and
(3) only ICOBS 6A.4.6R (4) applies.

6A.4.1 R A firm must not rely on the exception in ICOBS 6A.4.8R or ICOBS 6A.4.9R where it would still be in the consumer’s best interests to provide the communication under ICOBS 6A.4.5R.

6A.4.1 G An example of where it may be in the consumer’s best interests to provide the communication is where the consumer has expressed dissatisfaction to the firm with the quote provided.

6A.4.1 G (1) Whether a firm has responsibility for communicating with the consumer under this section will depend on the rules in this sourcebook applicable to the relevant circumstances, and the language of relevant provisions in this section should be construed accordingly. See, for example, ICOBS 5.1.3CR (Packaged bank accounts), ICOBS 6.1-1R (Producing and providing product information), ICOBS 6.1 (Providing product information to customers) and ICOBS 6.5 (Renewals).

(2) Guidance on the application of these requirements to an insurer that is an incoming firm can be found at ICOBS 1 Annex 1 (Part 2) 5.1R.

(3) Firms with appointed representatives are reminded that the effect of s39(4) of the Act is that where the appointed representative carries out the relevant activity, the firm must ensure that the appointed representative complies with the relevant provision (see SUP 12.3.1G).

Assessment of medical condition risk

6A.4.1 G (1) Firms should assess the risk associated with medical conditions and calculate medical condition premiums by reference to reliable information that is relevant to the assessment of the risk. Firms which do not do this may communicate unclear, unfair or misleading price information to consumers and so risk breaching Principles 2, 6 and/or 7, and ICOBS 2.2.2R and/or ICOBS 2.5-1R. Firms also need to consider their obligations under the Equality Act 2010.

(2) Firms are also reminded of their obligations in PROD 4.2 or 4.3 to identify and distribute travel insurance policies to the target market.

(3) Prior to a firm offering a policy with a very high medical condition premium, the firm should take all reasonable steps to consider whether:

(a) the nature of the medical screening or assessment process is insufficient to provide reliable information which is relevant to the assessment of the risk associated with the particular medical condition;

(b) the high premium is intended to indicate an unwillingness to accept the risk by the insurer; or
(c) the high premium is due to the medical condition falling outside of the insurer’s risk appetite or the target market for the product.

(4) Where this is the case, offering a quote may mislead the consumer and/or result in them not being treated honestly, fairly and professionally in their best interests. A firm should consider instead whether it would be more appropriate not to offer a quote for the risk, explain the reason/s why not to the consumer and provide them with the details of the medical cover firm directory under ICOBS 6A.4.5R.