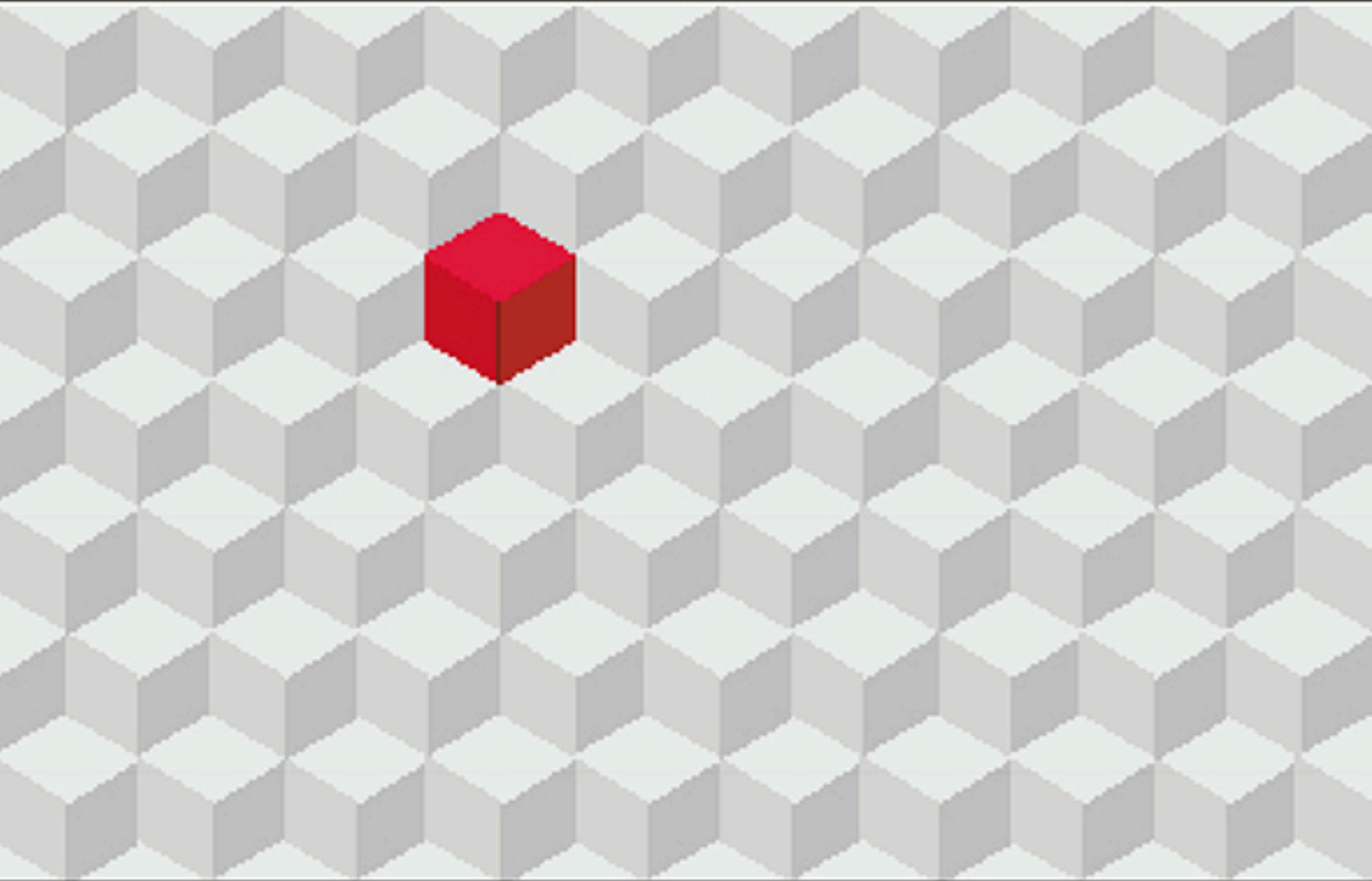


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LMA guidance for managing agents:

Pricing Practices and Product Reviews

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This guidance has been designed for Lloyd’s managing agents and is intended to highlight certain important aspects of the FCA Policy Statement PS21/5 on General Insurance Pricing Practices Market Study. It also offers guidance on product reviews and a template for information exchange with distributors.

Managing agents should refer to the Policy Statement above, and other relevant information for full details of their regulatory responsibilities.

BACKGROUND

The FCA has for some time been considering how to ensure the value of certain insurance products, both intrinsically and in respect of the effects of distribution costs and the distribution chain. Back in 2012, the FCA undertook a Market Study of certain insurance add-on products and the [final findings](#) were published in 2014. In the findings, the FCA stated “*Add-on insurance often represents poor value for money, but we found many instances of poor value for standalone products too. We are concerned that there is currently no easily comparable measure of the value of an insurance product.*”

In 2013, the FCA issued a [Discussion Paper](#) on Transparency calling for a range of measures to address perceived poor value, including the publication of claims ratios.

In 2015, the FCA published [DP15/4](#) specifically on the collation and publication of claims metrics. The LMA submitted a substantive response¹ and was invited, along with the IUA, ABI and several large consumer insurers, to participate in a series of round table discussions with the FCA.

In 2016 the FCA launched a series of four annual pilot exercises involving a number of insurers and focused on four products: Home (combined buildings and contents); Home Emergency; Personal Accident and Key Cover. The FCA published the data it collected [here](#).

In 2019, the FCA published [FG19/5](#); finalised guidance on the GI distribution chain for insurance product manufacturers and distributors.

Following the pilot exercises and a further consultation, the FCA published [PS20/9](#), setting out its requirements for future value measures reporting. In addition to claims metrics reporting, all managing agents were required to comply with new Product Governance rules. A summary of the requirements, which are extensive in terms of both products and granularity, is provided in a previous [LMA Guidance](#) document.

The FCA’s journey continues with ongoing focus on vulnerable consumers, a [Discussion Paper](#) on a new Consumer Duty and a [Dear CEO letter](#) accompanying an [update](#) on its multi-firm review which assessed firms’ response to the FCA’s GI distribution chain guidance. The Dear CEO letter and update were published on 25 August 2021 and the former is provided as Appendix 1.

It is clear that product value continues to be a focus for the FCA with a growing range of requirements around product governance and value assessment, and the FCA stated in their recent update that many firms have significant work to do to comply with the enhanced product governance rules. This guidance focuses on [PS21/5](#), in particular the widening scope of product governance requirements (i.e. applicable to all non-[Large Risk](#)/reinsurance products, including “legacy” products) and new requirements which mandate the reporting of remuneration throughout the distribution chain. Managing agents should ensure they are familiar with them.

¹ LMA responses to all regulatory, and other, consultations, can be found on the LMA website [here](#).

PRODUCT GOVERNANCE

Rules

- Firms are to review all general insurance and pure protection products at least every 12 months, with more frequent reviews of products that have a higher risk of not delivering fair value to customers.
- These rules apply to all products (except Large Risks and Reinsurance) and are wider than the current requirements as they apply to **all current products** – not just new, or significantly adapted products (the FCA uses the term “legacy” to mean those products which were not previously subject to the product review requirements). See PROD 4.6 (page 177).
- The relevant PROD rules apply at the product level, **NOT** each individual contract.
- **Firms have 12 months to (re)approve all in-scope products.**
- Manufacturers and distributors are required to consider whether products represent fair value for customers.

The term “Manufacturer” refers to a firm substantially involved in creating, developing, designing and/or underwriting a contract of insurance. As such, managing agents will always be product manufacturers. They may be co-manufacturers with a distributor when the distributor also meets the definition.

The term “Distributor” refers to all insurance intermediaries, including brokers, coverholders and, potentially, unregulated entities.

- There are new rules for distributors in PROD rules [4.3](#) which will apply to:
 - All distributors of non-investment insurance products (that they do not manufacture), including to PCWs and other intermediaries
 - All non-investment insurance product types that are in-scope of PROD
 - All types of distribution models regardless of complexity. Senior managers have ultimate responsibility for ensuring these rules are followed.

Remuneration and the Distribution Chain

- A Managing agent will be required to obtain all necessary and relevant information in relation to the remuneration associated with the distribution arrangements so it can assess the ongoing value of the product **and** the effect the distribution method may have on that value.
- There is a reciprocal requirement for distributors to provide:
 - The type and amount of remuneration paid by the customer (including fees and commissions, etc.)
 - Explanation of the services provided by each firm in the chain
 - Information on any ancillary products/services sold alongside the product which may affect the product’s value
 - Confirmation from each firm in the chain that any remuneration paid by the customer is consistent with the distributor’s regulatory obligations

The LMA has worked with the IUA, LIIBA, BIBA and the MGAA to develop a template and process to facilitate the information exchange between carriers and intermediaries. The template and guidance are provided as Appendix 2 and are published on the Lloyd’s Wordings Repository as LMA9197 and LMA9198 respectively.

Geographical Scope

The rules apply to firms with respect to activities carried on from:

- (1) the United Kingdom, for all insurance products; and
- (2) overseas (for the above products and non-investment insurance products), in relation to an insurance product that is, or will be, marketed or distributed, or there are policies under the product that remain in force, in the United Kingdom.

Timing

The FCA have confirmed that they will be continuing with their original timeframe. The rules will come into force on 1st October.

Guidance on how managing agents might approach product reviews in a proportionate way is provided as Appendix 3.

A checklist of the new PROD requirements which managing agents may find useful is provided as Appendix 4. That appendix is also provided with additional references and guidance in a separate Excel document.

PRICE WALKING

Rules

- Price Walking (that is offering cheaper prices to new customers than renewing customers) is to be banned for home and motor products and associated add-ons
- Pricing assessment rules will be engaged at the point that the renewal notice is prepared by the firm. At this point the firm should calculate the equivalent new business price (ENBP). These rules will apply to renewal notices prepared after the rules take effect, rather than to policies renewing after the rules take effect.
- Additional risk information - The FCA have changed the initial proposal on this. All available risk information should be taken into consideration at renewal and the renewal should indicate the true position of the premium to be charged. If information is missing, then firms may determine their own approach to how they take account of any missing information when calculating the ENBP. It must, however, be fair value to customers.
- When using the payment method to calculate the ENBP under the PROD rules, firms will need to consider how they use customer payment methods to determine the risk price and whether this is consistent with providing fair value.
- The rules require firms to determine the ENBP based on the original distribution channel used by the customer. Apart from intermediary chain, price comparison websites (PCW) and affinity/partnership schemes, firms can interpret the term distribution channel in a way that works for their own business model. If the original distribution method is not known then the most common distribution method can be used in its place to calculate the ENBP.
- Discounts for new customers can still be used if they are also offered to renewing customers. Discounts that are cash or cash equivalent must be reflected in the ENBP.
- Incentives not capable of being expressed in terms of a definite monetary value such as toys, carbon off-setting, a percentage chance to win back premium will not need to be reflected in the ENBP.
- Acquiring a new book will not engage the pricing rules. However, they will be engaged upon renewals. Where the customer has made a change to their policy during the term (i.e. a mid-term adjustment), firms should calculate the ENBP with new information gathered through the term.

- Products with no or few new business customers would be considered “closed book” and would be subject to specific rules.
- The definition of a closed book is a product that has been on sale for 5 years or more and a firm has not sold or does not expect to sell on an annualized basis, more than 7.5% of active policies to new business customers, or 15% for a product on sale for less than 5 years.
- It will be necessary to calculate the closed book renewal prices with reference to the ENBP’s of close matched products. A closed matched product should have a core cover and benefits that are broadly equivalent to the core cover and benefits enjoyed under the existing policy. The FCA expect details to be recorded on how these close matched products were identified. The FCA will be taking action against an inappropriate matched product that has caused consumer harm.

Geographical Scope

These rules will follow general Application Rules found in ICOBS 1.1.1 and apply to activities within the United Kingdom.

Timing

The FCA have confirmed that firms will have an extended period for implementation. This has now been extended to 31 December 2021 with the rules coming into force on 1st January 2022. Additionally, a short transition period will be in place from 1st January 2022 until 17th January 2022. This period will require firms to make good any pricing differences for consumers who received higher quotations than they would have done under the new rules.

AUTO-RENEWAL

Rules

Firms must provide consumers with a range of accessible and easy options to stop their policy from auto-renewing:

- as a minimum, allow consumers to opt-out of auto-renewal via the same methods through which they can purchase a new policy
- not place unnecessary barriers on consumers wanting to opt-out of or stop auto-renewal
- allow consumers to opt-out of auto-renewal at any point during the contract term.

Firms should neither hinder consumers from making informed choices, nor discourage them from looking for better deals at renewal.

Firms are required to explain to consumers whether a policy is set to renew automatically and what this means. They also need to inform these consumers of their options to stop their contract from auto-renewing. This information will need to be given both at the point-of-sale and in good time before renewal. The FCA has not specified any particular wording to be used in such communications.

The rules will apply to all general insurance products sold to consumers apart from Private Health, Medical and Pet insurance.

Geographical Scope

Auto-Renewal will follow general Application Rules found in ICOBS 1.1.1 and apply to activities within the United Kingdom.

Timing

The FCA have confirmed that firms will have an extended period for implementation. This has now been extended to 31 December 2021 with the rules coming into force on 1st January 2022. Additionally, a short transition period will be in place from 1st January 2022 until 17th January 2022.

RETAIL PREMIUM FINANCE

Rules

- Premium finance offered to consumers must not be at a higher price for renewals than to new customers.
- A Principle 11 notification (notification to regulators) must be made if a firm makes changes to their pricing model where there is a material risk of consumer harm.
- Where an insurer wishes to introduce a new pricing model over a period of a few years, it is expected that the new rules are complied with. If it is thought that this will cause difficulty, they should contact the FCA.
- Where firms offer retail premium finance, they should give clear information about the cost of the premium finance arrangement and make clear that this makes the contract more expensive. When firms give customers a choice on whether to take out retail premium finance, they must do more than simply ask the customer to choose between paying monthly or annually. Firms' remuneration arrangements in relation to retail premium finance should not give an incentive to offer retail premium finance with greater costs to the customer where another arrangement better aligned with the customer's interest is available.
- The proposed rules are not intended to apply to premium finance credit providers directly where they are not carrying on insurance distribution activities. They only apply to insurers and insurance intermediaries who offer retail premium finance alongside insurance products.
- The rules do not specifically require firms to benchmark the arrangements they have with retail premium finance providers or distributors against their competitors. However, firms may wish to consider if doing so might support showing how they meet the rules and offer their customers fair value.
- Where firms have exclusive arrangements with premium finance providers, they need to consider whether these arrangements are consistent with existing requirements including the customer's best interest rule in ICOBS.
- Rules will not apply if the premium finance does not cost the consumer.

Geographical Scope

Retail premium finance scope falls under the General Application Rules found in ICOBS 1.1.1. Therefore, the scope is restricted to the United Kingdom.

Timing

The FCA have confirmed that they will be continuing with their original timeframe. The rules will come into force on 1st October 2021 and any adjustments necessary for a firm to be compliant must be in place by then.

REPORTING

Rules

The new reporting requirements only apply to retail home insurance (buildings only; contents only; and buildings and contents) and motor insurance (contracts of insurance that fall within the ‘motor vehicle liability’ and ‘land vehicle’ classes.)

Additional information about add-on policies and premium finance sold alongside these insurance products will also be gathered.

Reporting for the core motor and home products would be the responsibility of insurers and/ or price-setting intermediaries, including reporting on add-on products (such as add-on policies and premium finance)..

A price-setting intermediary that sets the final price is responsible for reporting data for that business.

The implementation period has changed from four to seven months. The FCA recognises the challenges faced by firms developing the reporting capabilities ahead of the rules coming into force and the additional challenges associated with the quarterly reporting.

Pricing information will be delivered via the new [REP021 form](#). Information to help fill this form can be found in SUP 16 Annex 49BG

If a firm has a price setting role it will need to submit an attestation to demonstrate that the firm’s pricing models comply with the pricing remedy.. This Attestation must be completed by a senior manager holding a SMCR position or by a director in a non SMCR firm. This attestation will be found on the FCA RegData platform.

The FCA has also issued guidance on records that need to be kept and for how long [SYSC 3.2.20](#).

Further details on the reporting requirements are provided at Appendix 4.

Timing

The FCA continues require data to be reported annually by calendar year. However, they are replacing the first year requirement for firms to report data on a quarterly basis with a requirement to report a single interim report covering the six months ended 30 June 2022. Submission will be by 30 September 2022. The FCA is retaining the requirement for firms to submit an attestation three months after the rules come into force (i.e. 31 March 2022) confirming compliance with the core pricing remedy and sales practices.

Reporting threshold - while a reporting threshold could reduce the burden on small firms, it was considered that such firms are unlikely to be price-setting. Hence the reporting for these firms is likely to be low.

IMPLEMENTATION TIMELINE



APPENDIX 1 – Dear CEO Letter



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25 August 2021

Dear CEO

Product Value: expectations of general insurance ('GI') firms

Today we published the [findings of our review](#) into how firms have responded to our requirements and expectations of their approach to product governance, and our guidance published in response to Covid-19.¹

Many firms have made material progress since our previous work in this area.² However, our review identified some firms are not fully and consistently meeting our product governance rules and guidance.

Areas of potential harm

We expect firms to put customers' needs and fair value at the centre of their product development process and their decision making. As set out in our rules, firms must

- act honestly, fairly and professionally in accordance with the best interests of their customers; and
- take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems.

We identified a lack of customer centricity in many firms' approaches to product governance. This included inadequate consideration by firms of the value customers receive from their products or services.

We also identified that:

- some firms with manufacturing responsibility had taken insufficient steps to meet our existing rules and guidance when developing, producing and overseeing their products;

¹ These expectations are set out in: [Product Intervention and Product Governance Sourcebook \(PROD\) Chapter 4; FG 19/5 The GI distribution chain: Guidance for insurance product manufacturers and distributors, following on from, TR19/2; Product value and coronavirus: guidance for insurance firms; Insurance and coronavirus \(Covid-19\): our expectations of firms.](#)

² We have previously explored these issues in our thematic review on the [GI distribution chain TR19/2](#) and our thematic review on [GI Pricing Practices TR18/4](#)

- some insurance intermediaries had not understood they were undertaking the role of manufacturer in the distribution chain or the additional requirements applying to this activity; and
- some distributors (such as insurance intermediaries) may be receiving remuneration which bears no reasonable relationship to the costs or workload to distribute the product.

This can lead to customers receiving products that do not meet their needs and objectives or which provide poor overall value.

Impact of PS21/5 GI pricing practices market study

Our existing rules and guidance on value will soon be enhanced by the package of regulatory changes we have introduced to address the issues identified in TR18/4 and our GI Pricing Practices Market Study (for more information, see [PS21/5](#)).

The issues we identified included:

- Some firms gradually increase the price to customers who renew with them year on year. This price walking meant some customer cohorts received very poor value from their products; and
- Lack of governance, ownership and accountability for pricing decisions within firms.

However, our focus is not solely on addressing poor value resulting from price walking, our Policy Statement also introduces further rules and guidance on how manufacturers and distributors must consider whether products represent fair value for customers. These new product governance requirements apply to all GI and pure protection products (not just home and motor) and come into force on 1 October 2021.

Firms that have not been fully meeting our existing requirements and expectations will have to do significantly more work to achieve compliance with the new rules by 1 October 2021.

Our expectations and next steps

Our review sets out areas where we identified potential shortcomings in the approach taken by firms, including in their Covid-19 value work. While we reviewed only a sample of firms, our expectations – and the enhanced new product governance requirements set out in PS 21/5 – apply equally to all GI and pure protection firms.

Our expectation is that all firms should consider our findings in the context of their activities and the applicable rules and be able to evidence this and any actions they have taken as a result. This also gives firms a final opportunity to identify potential gaps or shortcomings in their existing or proposed approach to meeting the new

product governance requirements set out in PS21/5, before they come into force on 1 October 2021.

Where firms do not meet our expectations, we intervene as necessary to ensure they amend products and improve the value they deliver to customers, including through reductions in remuneration and the provision of additional cover or benefits. In some cases, we have required firms to withdraw products from sale while these amendments are made, or to pay refunds or redress, where we see harm arising. We are following up where necessary with firms included in the review, in relation to both their product governance approach, and their response to Covid-19.

Firms are reminded that, under the Senior Managers and Certification Regime, designated individuals are responsible for compliance with all regulatory requirements, and for the effective implementation of regulatory changes. We will carry out further supervisory work in this area in the future, to assess the extent to which firms are complying with relevant rules and meeting our expectations. Where we see firms and individuals failing to meet their regulatory obligations, we'll act using the full range of regulatory tools available to us.

Yours faithfully

Matt Brewis
Director
Insurance and Conduct Specialists
Supervision, Policy & Competition – Consumers & Competition

APPENDIX 2 - Product Value - Information Exchange Template Guidance



LMA9198 - Product Value - Information Exchange Template GUIDANCE

Manufacturers and Distributors

The term "Manufacturer" refers to a firm substantially involved in creating, developing, designing and/or underwriting a contract of insurance. As such, managing agents/insurance companies will always be product manufacturers. They may be co-manufacturers with a Distributor when the Distributor also meets the definition.

Generally a Distributor will be some form of intermediary, either authorised or exempt by the FCA. A Distributor would also include introducers.

Requirements and Responsibilities

The fair value assessment is the responsibility of the Manufacturer of a product, which will typically be the insurer unless otherwise agreed with the intermediary in a formal agreement.

Value means the relationship between the overall price to the customer and the quality of the product(s) and/or services provided. In order for the Manufacturer to conduct a fair value assessment, information on remuneration and services provided in the chain will need to be provided by Distributors to the Manufacturer.

Upon request from the Manufacturer it is each Distributor's responsibility to feed the "required information" via the checklist up the chain. Distributor 1 should be the Distributor in direct contact with the Manufacturer and the highest Distributor number should be the Distributor in direct contact with the customer. "Reasonable steps" should be undertaken to request this information from the chain and the first Distributor will provide to the manufacturer, including an outline of any omissions.

Distributor 1 is responsible for the exchange of information with the manufacturer/underwriter (lead underwriter where there is more than one).

In Scope Products

Contracts of insurance that are not contracts of large risk or reinsurance.

Out of Scope Products

Contracts of large risk:

1. (a) railway rolling stock, aircraft, ships (sea, lake, river and canal vessels), goods in transit, aircraft liability and liability of ships (sea, lake, river and canal vessels);
2. (b) credit and suretyship, where the policyholder is engaged professionally in an industrial or commercial activity or in one of the liberal professions, and the risks relate to such activity;
3. (c) land vehicles (other than railway rolling stock), fire and natural forces, other damage to property, motor vehicle liability, general liability, and miscellaneous financial loss, in so far as the policyholder exceeds the limits of at least two of the following three criteria:
 1. (i) balance sheet total: €6.2 million;
 2. (ii) net turnover: €12.8 million;
 3. (iii) average number of *employees* during the financial year: 250.

Reinsurance contracts

Bespoke products:

Bespoke products are out of scope and could be considered to be those:

1. which begin with a blank sheet of paper; and
2. where there is no existing 'product' used as a base for the product; and

3. where the customer, Distributor(s) and Manufacturer(s) actively work to construct a bespoke product.

Manufacturer Information

4.2.29 R A *firm* which *manufactures* an insurance product, must make available to a *distributor*:

- (1) all appropriate information on the insurance product
- (2) all appropriate information on the product approval process; and
- (3) the identified target market of the insurance product.

4.2.29A G For a *non-investment insurance product*, the information required by *PROD* 4.2.29R should include:

- (1) all appropriate information to enable the *distributor* to understand the intended value of the insurance product established by the *firm*;
- (2) any effect the *distributor* may have on the intended value that has not been fully taken into account by the *firm* when assessing value, and therefore which the *distributor* should take into account; and
- (3) any type of *customer* for whom the insurance product is unlikely to provide fair value.

To comply with this requirement insurers/managing agents (and MGAs and brokers where they are Manufacturers' ("Carriers")), should look to supply to the distributor the following types of information for products:

- on a standalone basis; and where relevant
- as part of a package.
- Summary information on the POG process and what factors were influential in the Carrier gaining comfort for itself that the product offers fair value. The document should not merely replicate information in the relevant policy summary or IPID, although it must be consistent with that document
- Bundling of products – in order to make the product review and information exchange a manageable task, the FCA allows Carriers to group together “similar” products.
 - By “similar”, the FCA means products which provide similar, rather than identical, cover and outcomes.
 - This is particularly useful when considering open market risks which could usefully be grouped, e.g. high net worth policies.
- Unless there are special circumstances, it is suggested that Carriers should consider adopting a proportionate approach which focuses on UK consumers, overseas consumers, then SMEs, before looking at larger commercial risks.
- The information provided by Carriers is likely to be more granular for new products and more concise for existing products. It should be reassessed on a regular basis, particularly if there are any material changes to the product information considered.
- Where Carriers are co-manufacturers, the Carrier should decide who is best placed to complete the template. However, the Carrier must always be comfortable with the information the template contains.
- Where Carriers provide premium finance, or arrange for others to do so, they should consider whether, and to what extent, such finance may affect the product value.
- To complete a full fair-value assessment, Carriers will need the data from distributors which may be received after the initial assessment. However, a starting position that Carriers could take would be to provide product-specific value measures, particularly where such data can be leveraged from their regulatory reporting.
- An example of the type of information that could be included in the template is provided in appendix 1. Examples of completed templates are provided in appendix 2. These are meant as examples only and what is appropriate information will vary from product to product. The Carrier will need to make this assessment, perhaps in discussion with the Distributor.

Distributor Information

4.2.14P R A firm must obtain from any person in the distribution arrangements all necessary and relevant information to enable it to identify the remuneration associated with the distribution arrangements to allow it to assess the ongoing value of the product, including at least:

- (1) the type and amount of remuneration of each person in the distribution arrangement where this is part of the premium or otherwise paid directly by the customer, including in relation to additional products (other than where this relates to another non-investment insurance product for which the firm is not a manufacturer);
- (2) an explanation of the services provided by each person in the distribution arrangements; and
- (3) confirmation from any firm in the distribution arrangements that any remuneration is consistent with their regulatory obligations including SYSC 19F.2 (IDD remuneration incentives).

The information provided should include the type and amount of remuneration (including commission and fees) of each Distributor – see definitions below for further guidance.

Definitions

Commission paid for the product. Do not include any commission whereby the carrier is already in possession of the data including, but not limited to, additional commission such as work transfer or any other commissions.

Fees - whereby an additional fee is paid above the policy level commission by a client such as an administration fee. A finite figure should be provided e.g. £15 administration fee or administration fee ranging from £10-15. Do not include fees that are paid in lieu of commission and agreed with customers. Fees whereby a carrier provides a net quote should not be included.

Reasonable steps - The definition of reasonable steps depends on a distributor's risk appetite but should be sufficient for the distributor to discharge their regulatory obligations.

Ancillary product – is a product that is not sold in isolation, is offered by the same carrier and where the cost is included as part of the core premium.

Where an ancillary product is sold alongside a core product but has a separate premium this should not be included.

Premium finance will either be dealt with under the Distributor section or Carrier section depending on which party is responsible for the arrangements.

Required information – is the information needed for the manufacturer to complete a fair value assessment and is limited to the descriptions above and the information outlined in the checklist

Guidance

- To add value for the Carrier, data reported should not be that which the Carrier already holds, e.g. total commission.
- Where there is distribution via more than one legal entity in the same group, the commissions and services should be split according to legal entity.
- Information on remuneration should relate to those charged in connection with the specific product(s).
- It is recognised that there may be limitations on the data that distributors can provide, particularly where there are non-UK distributors in the chain due to local legal restrictions, type of distribution chain, etc. Therefore, it is accepted that Distributor 1 will provide the data after taking reasonable steps to obtain full information. Where not all information is available, Distributor 1 should assist the Carrier by providing an explanation as to the limitations on the information available.
- Where a Distributor distributes the same product from the same Carrier to multiple Distributors, it may be prudent to ask for a confirmation from the multiple distributors that their fees are not more than a certain amount, rather than requesting numerical data.

Appendix 1 - Product Value - Information Exchange Template (Example information)

Carrier name	
Broker name	
Product name	
Reference/UMR [Binder]	
Reference [Class of Business]	
Date	

Manufacturer Information	
<p><i>The fields below should be completed by the carrier. The information provided should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed. Other information should be included (if relevant) to advise distributors of how their known or expected actions might affect the value of the product.</i></p>	
Product information	
<p>This section should include:</p> <ul style="list-style-type: none"> • Details of the POG approval process and any relevant MI (e.g. claims/complaints) which set out how the Carrier maintains oversight of the product. • A short summary of the product (not merely reference to, or reproduction of, IPID or policy). • Any key factors and benefits of the product which support and enhance its benefit to customers. <p>Other information could include:</p> <ul style="list-style-type: none"> • Where/how the claims/complaints will be handled (e.g. DCA, carrier, etc.) • How the referral process will work – who is accountable and what SLAs are in place – the onus being on managing customers' expectations on timescale when a risk is referred. • Is the product territory specific? In what territories the product is/is not available? • How the product will be renewed and when a renewal notice will be issued. • Any research which has been undertaken to ensure that there is customer demand for this product. • Any carrier fees and charges in place (Open Market). 	
Target market	
<ul style="list-style-type: none"> • The customer type(s) that this product has been designed for and any research, etc. which has informed that decision. 	
Types of customer for whom the product would be unsuitable	
<ul style="list-style-type: none"> • Where a product is sold across customer types or sub-sets, consideration should be given to its suitability for those types. • The likelihood of customers already having coverage through other products or benefits. • Specific groups for which exclusions or characteristics make the product unsuitable. 	
Any notable exclusions or circumstances where the product will not respond	
<ul style="list-style-type: none"> • Define any new or unusual time periods/restrictions that may be applied to the claim's notification period. • If there is a key factor in the product design, that may reduce the risk to the managing agent then then should be clearly labelled as such. • If the product does not respond in the event of local, national, or global events then make this explicitly clear in this section and the corresponding policy wording. • If there are criteria that a customer must satisfy as a term of cover being agreed and live for the policy term, then this must be included here along with what evidence of this the managing agent expects to be provided and timescales for this. 	
Other information which may be relevant to distributors	
<ul style="list-style-type: none"> • Whether the carrier needs to have received all necessary information to ensure it can offer the product. • Useful contacts. 	
Date Fair Value assessment completed	
Expected date of next assessment	

<i>The following should only be completed <u>after</u> the Broker Information section below has been completed and provided by Distributor 1.</i>	
Total commissions	
Total fees	
Total other Distributor remuneration	

Distributor Information	
<i>The fields below should be completed for all distributors in the chain. Distributor 1 should be the distributor in direct contact with the carrier and the highest distributor number should be the distributor in direct contact with the customer. The information provided should include the type and amount of remuneration (including fees and commissions) of each distributor, where this is part of the premium or otherwise paid by the customer, for the product.</i>	
Distributor 1 – [insert name]	
Retained commission	
Fees	
Other remuneration	
Explanation of activities provided	
<i>Select all that apply:</i>	
Direct – The product is distributed directly to insureds. The broker’s role is to understand the demands and needs of the insured and then obtain quotations from insurers.	Yes/No
Wholesale - The broker works on the producing brokers/Appointed Representative instructions paying due regard to the best interests of the end client.	Yes/No
Advised – the product is sold on an advised basis	Yes/No
Non-Advised – the product is sold on a non-advised basis	Yes/No
Claims – the broker provides claims first notification of loss	Yes/No
Other – please describe	Yes/No
Information on any ancillary products/activities sold alongside the product which may affect the product’s value.	
<i>Select all that apply:</i>	
Legal expenses	Yes/No
Gap cover	Yes/No
Key cover	Yes/No
Emergency home cover	Yes/No
Loss recovery (pays for a loss assessor to act on insureds behalf)	Yes/No
Breakdown cover	Yes/No
Windscreen cover	Yes/No
Courtesy car cover	Yes/No
Risk Management services e.g. health & safety assessment, consultancy	Yes/No
Premium finance (if offered by the same provider)	Yes/No
Other – please describe	Yes/No
Information on how the selected products above affect the product’s value	
It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 1.	Yes/No
Distributor 2– [insert name]	
Retained commission	
Fees	
Other remuneration	
Explanation of activities provided	
<i>Select all that apply:</i>	
Direct – The product is distributed directly to insureds. The broker’s role is to understand the demands and needs of the insured and then obtain quotations from insurers.	Yes/No
Wholesale - The broker works on the producing brokers/Appointed Representative instructions paying due regard to the best interests of the end client.	Yes/No
Advised – the product is sold on an advised basis	Yes/No
Non-Advised – the product is sold on a non-advised basis	Yes/No

Claims – the broker provides claims first notification of loss	Yes/No
Other – please describe	Yes/No
Information on any ancillary products/activities sold alongside the product which may affect the product's value.	
<i>Select all that apply:</i>	
Legal expenses	Yes/No
Gap cover	Yes/No
Key cover	Yes/No
Emergency home cover	Yes/No
Loss recovery (pays for a loss assessor to act on insureds behalf)	Yes/No
Breakdown cover	Yes/No
Windscreen cover	Yes/No
Courtesy car cover	Yes/No
Risk Management services e.g. health & safety assessment, consultancy	Yes/No
Premium finance (if offered by the same provider)	Yes/No
Other – please describe	Yes/No
Information on how the selected products above affect the product's value	
It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 2.	Yes/No
Distributor 3– [insert name]	
Retained commission	
Fees	
Other remuneration	
Explanation of activities provided	
<i>Select all that apply:</i>	
Direct – The product is distributed directly to insureds. The broker's role is to understand the demands and needs of the insured and then obtain quotations from insurers.	Yes/No
Wholesale - The broker works on the producing brokers/Appointed Representative instructions paying due regard to the best interests of the end client.	Yes/No
Advised – the product is sold on an advised basis	Yes/No
Non-Advised – the product is sold on a non-advised basis	Yes/No
Claims – the broker provides claims first notification of loss	Yes/No
Other – please describe	Yes/No
Information on any ancillary products/activities sold alongside the product which may affect the product's value.	
<i>Select all that apply:</i>	
Legal expenses	Yes/No
Gap cover	Yes/No
Key cover	Yes/No
Emergency home cover	Yes/No
Loss recovery (pays for a loss assessor to act on insureds behalf)	Yes/No
Breakdown cover	Yes/No
Windscreen cover	Yes/No
Courtesy car cover	Yes/No
Risk Management services e.g. health & safety assessment, consultancy	Yes/No
Premium finance (if offered by the same provider)	Yes/No
Other – please describe	Yes/No
Information on how the selected products above affect the product's value	

It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 3.		Yes/No
Distributor 4– [insert name]		
Retained commission		
Fees		
Other remuneration		
Explanation of activities provided		
<i>Select all that apply:</i>		
Direct – The product is distributed directly to insureds. The broker’s role is to understand the demands and needs of the insured and then obtain quotations from insurers.		Yes/No
Wholesale - The broker works on the producing brokers/Appointed Representative instructions paying due regard to the best interests of the end client.		Yes/No
Advised – the product is sold on an advised basis		Yes/No
Non-Advised – the product is sold on a non-advised basis		Yes/No
Claims – the broker provides claims first notification of loss		Yes/No
Other – please describe		Yes/No
Information on any ancillary products/activities sold alongside the product which may affect the product’s value.		
<i>Select all that apply:</i>		
Legal expenses		Yes/No
Gap cover		Yes/No
Key cover		Yes/No
Emergency home cover		Yes/No
Loss recovery (pays for a loss assessor to act on insureds behalf)		Yes/No
Breakdown cover		Yes/No
Windscreen cover		Yes/No
Courtesy car cover		Yes/No
Risk Management services e.g. health & safety assessment, consultancy		Yes/No
Premium finance (if offered by the same provider)		Yes/No
Other – please describe		Yes/No
It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 4.		Yes/No
Distributor 5– [insert name]		
Retained commission		
Fees		
Other remuneration		
Explanation of activities provided		
<i>Select all that apply:</i>		
Direct – The product is distributed directly to insureds. The broker’s role is to understand the demands and needs of the insured and then obtain quotations from insurers.		Yes/No
Wholesale - The broker works on the producing brokers/Appointed Representative instructions paying due regard to the best interests of the end client.		Yes/No
Advised – the product is sold on an advised basis		Yes/No
Non-Advised – the product is sold on a non-advised basis		Yes/No
Claims – the broker provides claims first notification of loss		Yes/No
Other – please describe		Yes/No
Information on any ancillary products/activities sold alongside the product which may affect the product’s value.		
<i>Select all that apply:</i>		
Legal expenses		Yes/No
Gap cover		Yes/No

Key cover	Yes/No
Emergency home cover	Yes/No
Loss recovery (pays for a loss assessor to act on insureds behalf)	Yes/No
Breakdown cover	Yes/No
Windscreen cover	Yes/No
Courtesy car cover	Yes/No
Risk Management services e.g. health & safety assessment, consultancy	Yes/No
Premium finance (if offered by the same provider)	Yes/No
Other – please describe	Yes/No
It is confirmed that the above remuneration paid by the customer is consistent with the regulatory obligations of Distributor 5.	Yes/No

Appendix 2 - Product Value - Information Exchange Template (Completed examples)

Carrier name	ABC Syndicates Ltd
Broker name	Broker 123
Product name	Residential Property Owners
Reference/UMR [Binder]	UMR 2468
Reference [Class of Business]	Property
Date	8/10/2021

Manufacturer Information
<p><i>The fields below should be completed by the carrier. The information provided should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed. Other information should be included (if relevant) to advise distributors of how their known or expected actions might affect the value of the product.</i></p>
<p>Product information</p> <p>This product has been subject to the carrier's POG process and has been reviewed and signed off by our POG panel as representing fair value to customers. This is in light of a review of the following MI:</p> <ul style="list-style-type: none"> • Cancellation data • Claims and complaints volumes • Declinature rates • Loss ratios • Ex gratia payments • Wordings review (technical and Plain English) • Breaches of Lloyd's/FCA benchmarks and tolerances • Root cause analysis • This section should include: <p>The product provides property insurance to Landlords and covers damage or loss to the property caused by specified perils. Loss of rent/BI cover is included as standard with no additional premium attached.</p> <p>Claims are handled in-house and by DCAs and coverholders on this product. Complaints are handled in-house. Where claims are handled by third parties specific SLAs are in place to ensure that the best service is provided to our mutual customers.</p> <p>This product is offered to customers in the UK and ROI.</p> <p>The product runs for a duration of 12 months and renewal notices issued in accordance with local regulations.</p>
<p>Target market</p> <p>Landlords with a small portfolio of properties. Suited to those running a small business, as well as those who only have one property which they let.</p>
<p>Types of customer for whom the product would be unsuitable</p> <ul style="list-style-type: none"> • Homeowners/those not letting their properties to tenants. • Freeholders, or those owning properties in a freehold/leasehold arrangement. • Landlords with large portfolios of properties.
<p>Any notable exclusions or circumstances where the product will not respond</p> <ul style="list-style-type: none"> • Standard market exclusions apply. • Notable non-standard exclusion includes the exclusion of internal damage caused by storm/water ingress if external damage is excluded e.g. due to wear and tear. • Communicable disease exclusion included • Conditions precedent are present and feature in the policy documentation, dependent on customer's sophistication it may be appropriate to bring these to the insured's attention at POS
<p>Other information which may be relevant to distributors</p> <p>Due to Covid, we currently have a number of open BI claims on this product. None are covered due to the presence of a damage trigger. Going forward specific Covid exclusions have and will be applied.</p>

Complaints central contact: carriernamecomplaints@carrier.com	
Underwriting central contact: propertyteam@carrier.com	
Claims central contact: propertyclaims@carrier.com	
Date Fair Value assessment completed	10/09/2021
Expected date of next assessment	10/09/2022
<i>The following should only be completed <u>after</u> the Broker Information section below has been completed and provided by Distributor 1.</i>	
Total commissions	
Total fees	
Total other Distributor remuneration	

Carrier name	Lloyd's Syndicate Ltd
Broker name	ABC Coverholder
Product name	Scuba Diving Travel
Reference/UMR [Binder]	BNNNAAAAAAAAA
Reference [Class of Business]	P/A Travel
Date	12/10/2021

Manufacturer Information	
<p><i>The fields below should be completed by the carrier. The information provided should be sufficient for distributors in the chain to understand the value of the product, the intended target market and those to whom the product should not be marketed. Other information should be included (if relevant) to advise distributors of how their known or expected actions might affect the value of the product.</i></p>	
Product information	
<p>This product has been subject to the carrier's POG process and has been reviewed and signed off by our POG panel as representing fair value to customers. This is in light of a review of the following MI:</p> <ul style="list-style-type: none"> • Cancellation data • Claims and complaints volumes • Declinature rates • Loss ratios • Ex gratia payments • Wordings review (technical and Plain English) • Breaches of Lloyd's/FCA benchmarks and tolerances • Root cause analysis <p>Leisure travel product, tailored to meet the needs of those scuba diving whilst on holiday. Single trip and annual multi-trip options are available.</p> <p>Specific differences to a general travel product will be higher limits for baggage & equipment and medical limits tailored to risk factors presented by scuba diving – usually excluded from a general product as a high risk activity. For annual products, a winter sports extension is available at an additional premium.</p> <p>For annual products, the period will be 12 months, for single trip period will be up to the end of the trip.</p>	
Target market	
Individuals and groups travelling for the purpose, or with the intention, of participating in Scuba diving.	
Types of customer for whom the product would be unsuitable	
<p>Any individuals or groups who are not planning on Scuba diving. Any individuals or groups who already have this cover through existing products – NOTE SCUBA DIVING WILL TYPICALLY BE EXCLUDED FROM MOST GENERAL TRAVEL POLICIES</p>	
Any notable exclusions or circumstances where the product will not respond	
<p>Camera equipment, whilst in use on a diving excursion will not be covered. Pre-existing medical conditions – Please ensure that these are disclosed at application. Cancellation cover has exclusions for certain events Other standard market and travel exclusions will apply.</p>	
Other information which may be relevant to distributors	
<p>Trend in denied claims / complaints around camera equipment whilst in use. Number of (unfounded) complaints have alleged that customers were unaware of this exclusion. We believe that the policy language is clear, but at point of sale this exclusion should be raised.</p> <p>Complaints central contact: carriernamecomplaints@carrier.com Underwriting central contact: UW / or Coverholder@emailaddress.com Claims central contact: propertyclaims@carrierorTPA.com</p>	
Date Fair Value assessment completed	01/08/2021
Expected date of next assessment	01/08/2022

APPENDIX 3 – Guidance on Product Reviews

The FCA has introduced rules relating to the fair value assessment of products as part of product approval processes and for the consideration of fair value in ongoing product reviews.

The FCA defines “value” as the relationship between the overall price to the customer and the quality of the product(s) and/or services provided. PROD 4.2.14E R sets out the factors which must be included in the consideration of value and they can be split into three types:

- 1) The nature of the product, its benefits, service quality, limitations, etc.
- 2) Claims ratios and related metrics.
- 3) Distribution method and its associated cost.

The template provided in Appendix 2 has been designed to meet number 3 above. The following provides guidance on number 1 and 2.

The existing PROD requirements and new rules allow managing agents flexibility in what processes they put in place, and the FCA has confirmed that managing agents should adopt a proportionate approach to their product reviews.

Therefore, it is Lloyd’s expectation that managing agents should already be in compliance with the fundamental requirements of these rules provided that they are meeting Lloyd’s requirements in relation to conduct risk.²

Additionally, through its Fair Value project Lloyd’s has published five Fair Value Principles and associated guidance. The guidance includes a core set of questions for the purposes of assessing the Fair Value of a product. More specifically, managing agents will be familiar with Lloyd’s referral process which considers the Fair Value of a product where acquisition costs are 50% or more or there are secondary sales (criteria recently extended on a pilot basis). Lloyd’s guidance closely aligns to the new rules introduced by the FCA and should provide a sound basis towards meeting the requirements.

Managing agents may also wish to consider the extent to which the product value reviews which the FCA required to be undertaken by December 2020 in relation to the effect of Coronavirus might assist them in carrying out product reviews under the new rules.

Details of those reviews can be found at: <https://www.fca.org.uk/publications/finalised-guidance/product-value-and-coronavirus-guidance-insurance-firms>

² The current requirements do not apply solely to UK consumers – the scope is wider in terms of both customer type and location. Lloyd’s expects a proportionate approach to be taken according to customer type and location.

APPENDIX 4 – PS 21/5 PROD Checklist

FAIR VALUE ASSESSMENT				
<p>This checklist provides an approach which may be adopted in relation to the requirements introduced into PROD 4 by PS21/5 to carry out a Fair value assessment as part of the product approval process. This checklist is not designed to cover the considerations which must be taken into account for a full product approval process and the requirements for reviewing Value Measures Products (4.5.3). Managing agents should already have in place an appropriate product approval process in accordance with the pre PS21/5 requirements of PROD and MS9.</p>				
<p>Minimum information which we should consider using in carrying out a Fair Value assessment:</p> <p>Internally available information including:</p> <p>(i) customer research</p> <p>(ii) claims information such as handling times, frequency, severity of claims costs (including total costs and average per claim), claims ratios, rates of and reasons for claim acceptance/declinature, both expected for the product and/or any actual information from a comparable product</p> <p>(iii) complaints data (including root cause analysis and handling times), both expected for the product itself and/or any actual information from a comparable product</p> <p>Public information or information obtainable by the firm from external sources including:</p> <p>analysis of similar insurance products available from other firms and, where relevant, data published as part of the FCA's work on value measures in the general insurance market</p> <p>Information available to the firm specifically from persons in the distribution arrangements, including:</p> <p>(i) remuneration and its impact on the value of the product, package or component part</p> <p>(ii) levels or quality of service provided by any person in the distribution arrangements</p> <p>(iii) any results of monitoring and oversight of the processes of any persons in the distribution arrangement (for example, call monitoring or file checks) including in relation to other products that person distributes</p>				
<p>Additional Products: Is this product to be distributed with one or more additional products for which we are the manufacturer? If yes please complete questions for the core product and each additional product. (4.2.14B / 4.2.14H (4))</p>				
No.	Questions	Core Product	Additional Product 1	Additional Product 2
1	Please provide details of the nature of the product.			
2	What coverage does the product provide?			
3	What limitations apply in relation to coverage? (this should include inter alia consideration of (i) exclusions (2) limits of liability (3) excesses)?			
4	Please provide details of the type and quality of services to be provided?			
5	Please confirm whether this product is net priced (note that if yes full details below are still required)			
6	Please provide details of the total price to be paid by the customer.			
7	Please provide details of the pricing model used to calculate the risk premium: (i) for the initial policy term; and (ii) any future renewal.			
8	Please provide a breakdown of the overall cost to the firm of the insurance product (including the underwriting and operating of the product) and, where relevant, any other components of a package.			
9	Please provide details of the price paid for the insurance product, including any additional features which are part of the same non-investment insurance contract.			
10	Please provide details of the price paid for any additional products, including retail premium finance, offered alongside the insurance product.			
11	Please provide details of the remuneration of each party in the distribution chain where this is part of the premium or otherwise paid directly by the customer.			
12	Please provide details of the services provided by each party in the distribution chain. (note this should include distribution arrangements where the final decision on setting the price is taken by another person).			
13	Please provide justification for each party's remuneration by reference to the type and quality of services being provided.			
14	Please confirm in relation to each firm in the distribution arrangements whether confirmation has been obtained that any remuneration is consistent with their regulatory obligations including SYSC 19F.2 (IDD remuneration incentives)?			

FAIR VALUE ASSESSMENT

This checklist provides an approach which may be adopted in relation to the requirements introduced into PROD 4 by PS21/5 to carry out a Fair value assessment as part of the product approval process. This checklist is not designed to cover the considerations which must be taken into account for a full product approval process and the requirements for reviewing Value Measures Products (4.5.3). Managing agents should already have in place an appropriate product approval process in accordance with the pre PS21/5 requirements of PROD and MS9.

Minimum information which we should consider using in carrying out a Fair Value assessment:

Internally available information including:

- (i) customer research
- (ii) claims information such as handling times, frequency, severity of claims costs (including total costs and average per claim), claims ratios, rates of and reasons for claim acceptance/declinature, both expected for the product and/or any actual information from a comparable product
- (iii) complaints data (including root cause analysis and handling times), both expected for the product itself and/or any actual information from a comparable product

Public information or information obtainable by the firm from external sources including:

analysis of similar insurance products available from other firms and, where relevant, data published as part of the FCA's work on value measures in the general insurance market

Information available to the firm specifically from persons in the distribution arrangements, including:

- (i) remuneration and its impact on the value of the product, package or component part
- (ii) levels or quality of service provided by any person in the distribution arrangements
- (iii) any results of monitoring and oversight of the processes of any persons in the distribution arrangement (for example, call monitoring or file checks) including in relation to other products that person distributes

(4.2.14J)

Additional Products: Is this product to be distributed with one or more additional products for which we are the manufacturer? If yes please complete questions for the core product and each additional product. (4.2.14B / 4.2.14H (4))

No.	Questions	Core Product	Additional Product 1	Additional Product 2
15	Are any changes expected to the total price a customer will pay during the period that they hold the product (including at the first or any subsequent renewal or any other point in time)?			
16	Is any change to the insured risk expected over time, for example to the nature, financial value or a customer's usage of an underlying good to which the insurance relates?			
17	Is the number of expected claims that may be made, or financial value of any such claim, expected to change over time due to the nature of the product, the customer's needs or any relevant features of the insured risk, for example: (i) as a result of expected depreciation in the value of the insured asset; (ii) where the customer's need, or eligibility, for certain cover may change including as a result of changes to the insured risk, for example in the nature, financial value or a customer's usage of an underlying good to which the insurance relates, or where claims have been made?			
18	Could the total premiums expected to be paid over the length of time a customer would hold the product exceed the benefits that could be received from claims for example due to cover limits applying across the foreseeable period (taking into account any deductions permitted by the contract such as any relevant policy excess for such claims)?			
19	Could benefits offered by the policy at inception not be available at subsequent renewals, due to exclusions or claims limits, without any commensurate reduction in the premium?			
20	Could customers be discouraged from or unable to renew due to the level of ongoing premiums including increases at renewal meaning they may not be receiving the full intended benefits of the product (where these are intended to be spread across the reasonably foreseeable period)?			

Questions 22 - 24 to be completed if retail premium finance is being offered by us or arranged by us.

22	Please provide details of the total price the customer will pay including the applicable APR for the retail premium finance.			
23	Please provide details of the quality of the retail premium finance including any relevant factors and features.			
24	Does the retail premium finance provide Fair Value balancing the cost against the benefits it affords?			

APPENDIX 5 – Reporting Categories and Requirements

Product Reporting will be split by the following categories:

- *Net and gross-rated business* - Net rated business is business where a price-setting intermediary sets the price paid by the consumer, and gross rated business is business where the insurer sets the customer's price.
- *Channel* - Firms would report data for the core motor and home products by sales channel with the channels being direct, intermediated, PCW and affinity/ partnership business.
- *Tenure* - Firms would report data split by tenure from T0 (new business), and one-year intervals from T1 (one year) to T9 years, and then a category for T10 or more years.
- *Large books of business (with over 100,000 policies)*
- *Closed books of business*

To ascertain compliance with the Pricing Remedy the FCA will ask for the following data for the categories listed above:

- *Total and average premiums charged to customers;*
- *Net and gross price information;*
- *Number of policies inception/renewed during the reporting period;*
- *Number of policies in force at the reporting data;*
- *Expected claims costs and expected claims ratio.*

To ascertain if Customer Harm is taking place, the FCA will ask for the following data for the categories listed above:

- *Proportion of customers with average expected claims ratio 10% points and 30% points below average* - Whole distribution of expected claims ratio in 10 percentage points intervals for each product broken down by channel and tenure and;
- *Gross incurred claims ratio and prior year reserve releases and strengthening* - This no longer includes the requirement for firms to split their data for these metrics by tenure: Gross incurred claims ratio is the proportion of the earned premiums (gross of reinsurance) recorded as incurred claims cost (gross of reinsurance). Incurred claims cost is the cost of all claims reported for the period plus any other changes in the claims' reserves including for incurred but not reported (IBNR)/ incurred but not enough reported (IBNER) losses and prior years' reserve adjustments.

To Monitor the Market on the effectiveness of the changes the FCA will ask for the following data for the categories listed above:

- *Reporting responsibility for add-ons and premium finance* - any add-on product, only one firm would be responsible for reporting data.
- The firm setting the price of the add-on and premium finance products to consumers is required to report add-on product pricing data.
 - Where the product is premium finance and the firm setting the price is a premium finance provider, then the insurer, insurance intermediary or managing agent which has the direct relationship with the consumer must report the pricing data for that business.
 - Only the firm charging the fee to the customer is responsible for reporting those fees.
- *Level of aggregation for add-ons and premium finance* - now split between motor and home.

- Clarification of core and add-ons are:
 - Cover extension to the core product – to be treated as part of the core product reporting
 - Optional extras (i.e. not a separate contract/policy to the core motor or home policy) – treated as part of the core product reporting, reported by the insurer of the core product
 - Add-on policy (i.e. a separate contract/policy to the core motor or home policy) – treated as an add-on for reporting purposes
 - Premium finance sold as an additional product to the motor or home policy – treated as an add-on product for reporting purposes and reported in section 6 of the reporting form.
- *Premium finance* - Provide information on the total charged for retail premium finance during the reporting period and number of policies with a breakdown by APR ranges including 0%.
- *Fees* - This includes administration and cancellation fees, must be reported broken down by pre-contractual and post-contractual. No need to report on type of fee.

Contact

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