

Renewal transparency & engagement rules

This summary is designed as a **reminder of the rules which came into effect on 1 April 2017**, to increase transparency and engagement at renewal.

These rules were introduced to improve customer engagement with the renewal process and promote effective competition. They apply when a firm sends a general insurance renewal notice to a customer, with a duration of 10 months or more (group policies are not in scope).

We have included some guidance to help avoid some of the implementation concerns highlighted by the regulator.

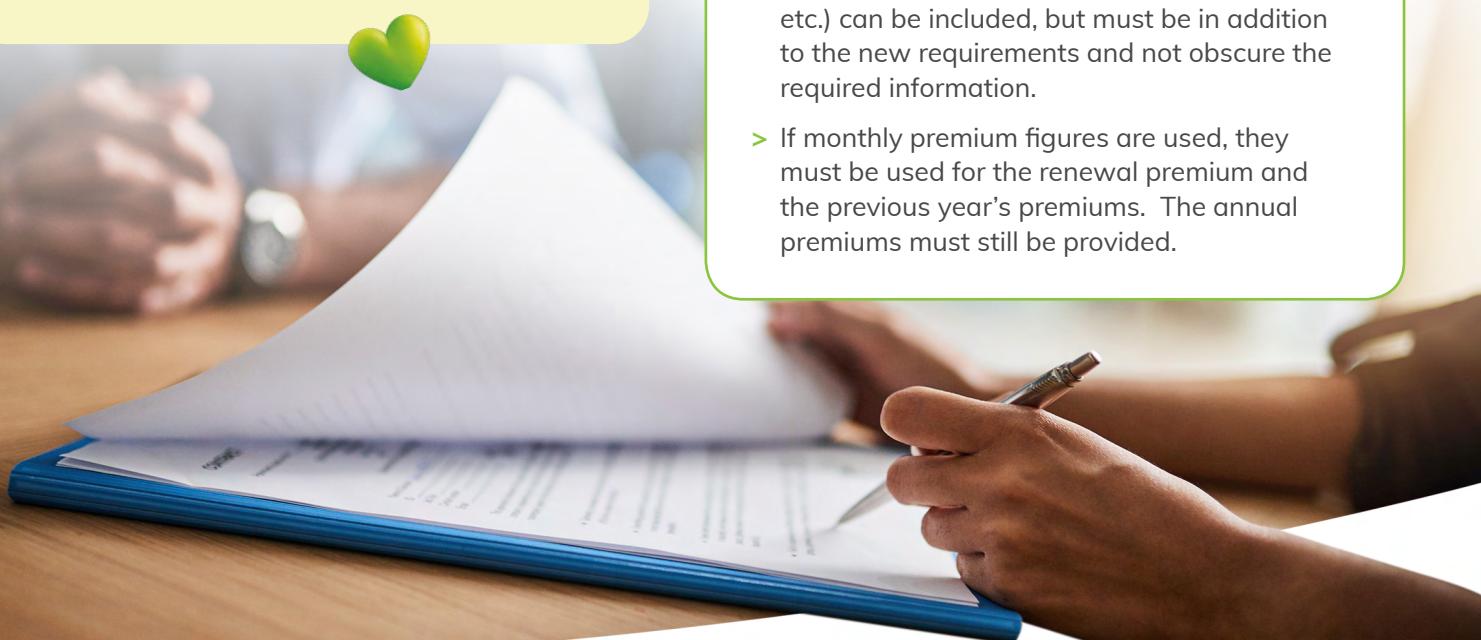
Firms are expected to take into account the FCA's original consumer trials, which showed that disclosure is most effective when on the front page of the renewal notice.

The following should be clearly & prominently disclosed on all renewal notices and communicated in a way which draws attention to this information:



The premium for the previous year

- Customers must be provided with the previous year's insurance premium alongside the price of the current renewal premium, in such a way as they can be easily compared.
- The premium should take into account prior discounts (introductory or 'premium holidays').
- Add-ons must also be included when disclosing the previous year's premium.
- Where any mid-term adjustments have been made, an annualised premium should be shown to reflect this. This should exclude any fees or charges associated with the mid-term adjustment, so that customers receive simple, understandable and comparable information.
- Additional information (i.e. reasons for increase, explanation of annualised figure etc.) can be included, but must be in addition to the new requirements and not obscure the required information.
- If monthly premium figures are used, they must be used for the renewal premium and the previous year's premiums. The annual premiums must still be provided.



Statement to remind customers to check their cover & 'shop around' for the best deal

- Customers must be reminded to check the level of cover offered by the renewal is appropriate for their needs.
- The statement should also remind to compare the prices and levels of cover offered by alternative providers, if they so wish. This should be worded depending on how long a customer has been insured with a particular provider.
- For customers who have been insured for a period of 1 to 4 years, limited flexibility over the renewal wording is allowed, so it can be tailored to the needs of the customer and to ensure price and cover are balanced.
- It is acceptable for brokers and intermediaries who shop around on behalf of their customers to communicate the benefits of their insurance product alongside this reminder. This communication must not distract from encouraging the customer to check their cover and shop around.



Prescribed wording for customers that have renewed 4 or more times

- For customers who have been insured for a period of 4 years or more with the same provider (i.e. broker / intermediary), the prescribed message below must also be included:

"You have been with us a number of years. You may be able to get the insurance cover you want at a better price if you shop around."
- This is in addition to the message to check that the cover is still appropriate, and must be clearly, accurately and prominently displayed (e.g. on the first page).
- The prescribed wording applies when a policy has been renewed through the same broker/intermediary 4 or more times - regardless of whether the risk was moved to another insurer.



The responsibility to provide this information lies with either the insurer or broker / intermediary, dependent on who is issuing the renewal notice.

Further information

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