**Pricing Practices Market Study & Product Intervention and Governance Gap Analysis**

**for General Insurance Intermediaries 2021/22**

The following document is to assist insurance intermediaries in assessing how their operations may be affected by the Pricing Practices Market Study & Product Intervention and Governance Rules. Any ‘yes’ responses will require further explanation and documentation to support how the firm is meeting the expected outcomes.

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| --- | --- | --- | --- | --- |
|  | **Yes / No / NA** | **Comments / Gap identified**  **Further supporting evidence** | **Action required** | **Owner / deadline** |
| **Price Remedy – 1 January 2022** | | | | |
| Do we sell home and motor insurance? |  |  |  |  |
| Do we have any involvement in price setting including the setting of any portion of the renewal price?  Do any personal lines insurers for home and motor insurance quote a net premium to which we add commission? |  |  |  |  |
| Do we offer additional products to consumers alongside home and motor policies including Premium Finance? |  | *Pricing Policy / Financial Incentives.* |  |  |
| Do we check that Renewal Premiums offered are not greater than the ENBP\* regardless of whether the policy is with the same or a different insurer?  Do we check that at renewal any costs associated with the additional products are not greater than the ENBP? |  | *Optional additional products / cover extensions sold* |  |  |
| Where there is a renewal price change is it consistent with the ENBP?  (changes in risk, Firm’s margins) |  |  |  |  |
| Do we offer any new business discounts to consumers / certain groups of consumers (Staff, online sales etc)? |  |  |  |  |
| Do we offer any new business incentives to consumers that have a definite monetary value?  (Retail vouchers, cashback, free add on, % discount on the premium) | If yes this must be carried across to renewal |  |  |  |
| Do we have any closed books of business where renewal is offered to existing customers but not to new customers? |  |  |  |  |
| Do we have a pricing practices policy / have we incorporated it into our renewal procedures for consumers? |  |  |  |  |
| Do we have a Product Governance Policy in Place? |  |  |  |  |
| Are we consistently meeting the Transparency at renewal rules for home and motor insurance (and all consumer policies)? |  |  |  |  |
| Do we charge a fee to consumers at: -   1. Inception 2. Renewal   If yes is it the same amount? |  | *Fees cannot be increased at renewal* |  |  |
| Has a Senior Manager been allocated responsibility for the Attestation that the firm’s pricing model complies with the pricing remedy? |  | *Statement of responsibility supports allocation* |  |  |
| **Product Governance (Commercial and Consumer) – 1st October 2021** | | | | |
| Are we a manufacturer of insurance products? Do we Create, develop, design and / or underwrite a contract of insurance? |  | Which products |  |  |
| Are we a distributor of insurance products?  Do we Advise on or propose a contract of insurance to a customer? |  | Which products |  |  |
| Are we a co manufacturer of any insurance products? |  |  |  |  |
| **Manufacturer** – have we assessed the value of the products to the customers throughout the product approval process? Can this be evidenced? |  | *Product Approval Process Checklist* |  |  |
| **Manufacturer** - Do we have a product approval process in place? |  | *Product Approval Process Checklist* |  |  |
| **Distributor –** Do we understand the insurer value assessments? |  | *Need to document on a per product basis – supporting folder* |  |  |
| **Distributor** – have we documented how our distribution strategy and process affect the value of the product? |  | *Need to document on a per product basis* |  |  |
| **Distributor –** Do we have a remuneration policy in place ensuring that we do not adversely affect the value of a product to the end customer.?  Can we demonstrate that any remuneration is consistent with regulatory obligations? |  |  |  |  |
| **Distributor –** Are we ready and able to support the manufactures in their product reviews? |  |  |  |  |
| **Distributor –** What MI do we collect that would identify harms: -   * Claims ratios * Retention rates * Complaints * Ex gratia payments or claims not covered. |  |  |  |  |
| Do we offer products where the premium stays the same, but the benefits reduce over time e.g.   * Pet insurance, * mobile phone cover, * electrical goods. |  | *How can we demonstrate fair value?* |  |  |
| Do we have sufficient information about the different products we distribute including: -   * characteristics of each insurance product * Identified target market * Customers who wouldn’t get fair value * Intended distribution strategy |  |  |  |  |
| **Premium finance – 1st October 2021** | | | | |
| Do we have a maximum financial incentive / interest rate we will charge in respect of premium finance products? |  | *Pricing policy?* |  |  |
| Are customers consistently offered the best payment method and terms for their needs? |  |  |  |  |
| Do we provide clear fair and not misleading information on the payment terms and the cost of any premium finance? |  |  |  |  |
| Do we remind customers they can source their own credit? |  |  |  |  |
| Do we meet the Active Election Rules in respect of premium finance unless the interest rate is 0%? |  |  |  |  |
| Do we increase the cost of premium finance at renewal? |  |  |  |  |
| Do we have exclusive premium finance arrangements in place?  Do we charge a higher premium for products paid for by instalments? (this could constitute a credit charge). |  |  |  |  |
| **Auto Renewals – 1st January 2022** | | | | |
| Do we auto renew any consumer policies? |  |  |  |  |
| Do we have a simple process in place for consumers wishing to cancel the auto renewal of their policy? |  |  |  |  |
| Have we received complaints regarding auto renewal in the last 12 months? |  |  |  |  |
| What methods are available for consumers wishing to cancel the auto renewal of their contract? |  |  |  |  |
| Do our renewal letters explain to a consumer whether the policy is set to auto-renew and what that means? |  |  |  |  |
| Do we communicate the options for cancelling auto renewal at inception and in good time before renewal? |  |  |  |  |
| Do we sell Private Health, medical insurance, or pet insurance? (exempt from auto renewal rules). |  |  |  |  |
| Do any add on products Auto Renew? |  |  |  |  |
|  |  |  |  |  |

ENBP – Equivalent New Business Price