Renewal & New Business Letters (Commercial Customers)

Although Cobra Network Compliance do not produce standard letters, below is a list of the information that should be provided from a regulatory and contract certainty perspective. The exact format can be decided by your firm:

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| REGULATORY REQUIREMENTS |
| TOBA The firm’s TOBA should be issued prior to inception and, if there has been a change to the TOBA, at renewal.  Cobra Network recommends that a TOBA is issued at renewal or reference is made to the previously issued TOBA (if there have been no changes) and the customer is reminded that the previously issued TOBA continues to apply. |
| Privacy Statement An up-to-date privacy statement explaining how the firm uses and stores personal data. |
| How to Complain Clear information should be provided on the firm’s complaints procedures, including information about the FOS where appropriate. This information may be included in the firm’s TOBA. |
| Scope of Service (Breadth of Marketing) Prior to inception, and if different at renewal, the client must be advised of the scope of service provided by the firm. To meet regulatory requirements the wordings should be:   * We have carried out a fair and personal analysis * We have carried out a limited marketing exercise (the client should be made aware of the markets the firm may and does do business with). * We have only approached a Single Insurer. (this can be quantified as it is possible you have only approached the existing market because of a claim or because you carried out an extensive marketing exercise the year before etc….)   It is really important that any information that is given to the client on marketing can be backed up from the firm’s records i.e. you have retained copies of the quotes. |
| Fair Presentation of Risk: - The commercial customer should be reminded of their duty to make a fair presentation of the risk to be insured. This information may be in the firm’s TOBA. |
| Demands and Needs Statement must be issued. Firms can be either recommending a product (advised sale) or providing enough information for the client to make an informed purchasing decision (non-advised sale). Which ever option is being chosen the statement of demands and needs must specify that it is based on information obtained from the client. With an advised sale the recommendation must be tailored to the client’s specific demands and needs, the recommended policy must best meet the clients demands and needs. With a non-advised sale there must still be some matching of the policy to the client’s requirements and the policy must be consistent with the client’s demands and needs.  Statements of demands and needs should not be generic. |
| Recommendation If your firm is making a personal recommendation (Advised Sale), this must be linked to the client’s demands and needs. Non Advised Sale If you are not making a recommendation, you must provide the client with enough information to make an informed purchasing decision. |
| Differences / Demands and Needs not met (Advised Sale) If there are any differences between the firm’s recommendation and the client’s demands and needs these must be adequately explained e.g. if they requested a £50 excess but the policy has a £100 excess this must be drawn to their attention. It is possible the terms are more favourable than requested.  (If demands and needs are met in full this paragraph may not be required). |
| Fee If it is your intention to charge a fee this must be clearly disclosed within the letter and on the invoice. If another firm in the distribution chain is charging a fee this must be made clear to the client. Fees must be disclosed before the client is due to pay them. |
| Premium The premium must be prominently shown or where this is not possible the rate together with any relevant deductions.  The IPT amount should be clearly shown.  The annual premium for any optional additional products must be clearly shown and they must be initially sold on an opt in basis. |
| Payment Options These must be clearly shown. If instalments are being offered the interest rate and APR must be shown together with the cash price for the policy. This information should be provided early in the sales process. Clients should be reminded that paying by instalments may increase the overall cost of the policy. Premium finance must be sold on an opt-in basis (as an optional additional product).  Consideration should be given to any additional requirements required by the premium finance provider. |
| Remuneration The client should be advised of the source and type of remuneration. This information may be included in the firm’s TOBA.  Clients should also be reminded of their right to ask about the firm’s remuneration from placing their business (Remuneration Disclosure) this reminder may be in the firm’s TOBA. |
| Multi-Occupancy Buildings Insurance As soon as is reasonably practicable after conclusion of the contract and upon any subsequent renewal, your firm must:   1. Give the customer and 2. Tell the customer to pass on promptly and in full to any leaseholder of the building covered, a copy of the following information:    1. A summary of the cover    2. Pricing information    3. Remuneration information    4. Placing and shopping around information    5. Conflicts of interest information   More information can be found in the ICOBS rules [ICOBS 6A.7.3R] and/or templates are available on CobraConnect. |
| CONTRACT CERTAINTY / POLICY DETAILS |
| Insurer The client must be told the identity of the insurer underwriting the policy. If another intermediary or MGA is involved this information may also be included. |
| Period of Cover If the dates have not been decided this can be shown as 12 months or as appropriate. |
| Sums Insured Information on the sums insured / limits of indemnity must be clearly expressed.  If cover is on a day one basis then the declared value must be shown.  Indemnity periods are equally important.  Where required, explanations should be included to ensure understanding. |
| Policy Wording (terms and conditions). Policy wordings should be provided prior to inception and if there is a change of provider at renewal.  Where a wording is dependent on another wording e.g.” as expiring” or “as original” – this should be clearly identified i.e. attached or uniquely described or referenced.  All conditions or subjectivities of the contract must be clearly expressed, and conditions, limitations, exclusions and warranties identified / explained. Clients can be signposted to this information in the policy wording / schedule.  Terminology should be consistent in the firm’s correspondence and the insurers documents.  Jargon should be avoided but, if necessary, explanations should be included to ensure understanding. |
| Policy Excess This must be clearly shown or signposted. |
| How to make a Claim This is why the policy is required and the information here is important. This may be included in the firm’s TOBA. |
| Period Quotation is valid for If this is a renewal quote firms should show this as the renewal date. With new business, quotations are normally valid for 30 days although this should be checked with the insurer. |
| With Commercial Customers reports are often issued in lieu of letters but the disclosure requirements remain the same |

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