

FCA renewal transparency and engagement rules

Do your renewal notices reflect the FCA rules on renewal transparency and engagement?



The rules were introduced on 1 April 2017, to make renewals more transparent and engaging for customers as well as promote effective competition. These rules apply to general insurance renewals of 10 months or more, aiming to improve customer interaction and promote competition.

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

Make sure the following information is clearly highlighted and stands out on all renewal notices.

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.

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- 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's 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's issuing the renewal notice.

More information can also be found on the [FCA website](#).