

Insurance: Conduct of Business

Chapter 6

Product Information

6.5 Renewals

Renewals

- (1) This section applies when a *firm* proposes to a *consumer* the renewal of a *general insurance contract*, which is not a *group policy*, and which has a duration of 10 months or more.
- (2) In this section, 'renewal' means carrying forward a *policy*, at the point of expiry and as a successive or separate operation of the same nature and duration as the *policy*, with the same *insurance intermediary* or the same *insurer*.
- (3) The *firm* must provide to the *consumer* the following information in good time before the renewal:
 - (a) the *premium* to be paid by the *consumer* on renewal;
 - (b) in a way that is consistent with the presentation of (a) so that they can be easily compared:
 - (i) except where (ii) applies, the *premium* for the *policy* which the *firm* proposes to renew, as set out at the inception of that *policy*;
 - (ii) where one or more mid-term changes were made to the *policy* which the *firm* proposes to renew, an amount calculated by annualising (or otherwise adjusting as appropriate to the duration of the proposed *policy*) the *premium* in effect following the most recent mid-term change, excluding all fees or charges associated with those mid-term changes;
 - (c) a statement alongside (a) and (b) indicating that the *consumer*:
 - (i) should check that the level of cover offered by the renewal is appropriate for their needs; and
 - (ii) is able, if they so wish, to compare the prices and levels of cover offered by alternative providers; and
 - (d) a statement informing the *consumer* whether the contract will automatically renew or whether the *consumer* needs to take action to accept the renewal offer.
- (4) Where the proposed renewal will be the fourth or subsequent renewal the *consumer* has entered into in respect of the *policy*, the *firm* must include the following statement, to appear alongside the matters required by (3)(a), (b) and (c)(i) (but omitting (c)(ii)): "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."

- (5) The *firm* must communicate the information in (3) and (4):
- (a) clearly and accurately;
 - (b) in writing or another *durable medium*; and
 - (c) in a way that is accessible and which draws the *consumer's* attention to it as key information.
- 6.5.1A** G (1) When a *firm* proposes to a *consumer* the renewal of a *travel insurance policy*, the *firm* should at the same time:
- (a) disclose to the *consumer* whether any *medical condition exclusion* can be removed from the *policy* (in whole or in part); and
 - (b) if so, how, and the terms on which it can be removed.
- (2) *Firms* are reminded of their obligations in:
- (a) ■ ICOBS 6A.4.5R, where one or more of the circumstances set out in ■ ICOBS 6A.4.6R applies in respect of the *policy* proposed on renewal; and
 - (b) ■ ICOBS 5.2.2BR to ensure the *policy* proposed is consistent with the *consumer's* insurance demands and needs.
- 6.5.2** G A *firm* should have regard to the record-keeping obligations referred to in ■ ICOBS 2.4.1G and ensure that it has appropriate systems and controls in place with respect to:
- (1) the adequacy of its records so it may fulfil its regulatory and statutory obligations; and
 - (2) the sufficiency of its records to enable the *FCA* to monitor the *firm's* compliance with the requirements under the *regulatory system*.
- 6.5.3** G A *firm* should ensure it complies with the other requirements in *ICOBS* that are relevant, such as providing product information to *customers* (see ■ ICOBS 6.1), including the requirement to provide an *IPID* (see ■ ICOBS 6.1.10AR).